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REVIEW OF THE TECHNICAL COOPERATION ACTIVITIES OF UNCTAD AND THEIR FINANCING

Technical cooperation programme of UNCTAD, 1994

Report by the UNCTAD Secretariat

GE.95-53395

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INTRODUCTION

1. This report is the latest in the series providing information to the Working Party on the Medium-Term Plan and Programme Budget on UNCTAD's technical cooperation activities. Prior to 1987, reports were provided on an annual basis; between 1988 and 1993, reports were biennial, with an annual statistical update. The last report (TD/B/WP/84) covered the biennium 1992 and 1993. Henceforth, as requested by the Working Party, reports will be annual.

2. This report for 1994 has two sections in addition to the Introduction. Section I summarizes activities in 1994 and provides general information on the implementation of the programme as a whole. Section II reviews activities by programme area, according to the structure of the secretariat in place during the year. As far as is possible, the information is organized according to paragraph 14(c) of the Agreed Conclusions of the Working Party at its twenty-fourth session in December 1994 (hereinafter referred to as the WP94 Agreed Conclusions). The statistical annex (TD/B/WP/92/Add.1) supplements the main report.

3. At the same session, the Working Party decided to expand the scope of this report by requesting documentation on a report on a particular topic in UNCTAD's technical cooperation activities, beginning in 1995 with the issue of national capacity-building associated with international trade negotiations (paragraph 14(a) of WP94 Agreed Conclusions) and an in-depth study on a specific programme, beginning in 1995 with the ASYCUDA Programme (paragraph 14(b)). Material on the topic of national capacity-building for international trade negotiations will be made available to the Working Party at its forthcoming session. The in-depth study on ASYCUDA is presented in document TD/B/WP/93.

I. GENERAL TRENDS AND DEVELOPMENTS

A. Summary of activities in 1994

4. UNCTAD's expenditure on technical cooperation amounted to US$ 21.4 million in 1994. This shows a slight increase over the 1993 level (US$ 20.3 million) and is close to the peak reached in 1990 (see chart 1).

5. The main source of funds to support UNCTAD's technical cooperation work continues to be the United Nations Development Programme (UNDP). However, in recent years, UNDP's contribution has declined both in absolute and relative terms: US$ 10.8 million, or 50.6 per cent of the total in 1994, as compared to US$ 10.9 million, or 54 per cent in 1993, US$ 17.5 million, or 79.5 per cent in 1990, and even higher percentages in the 1980s (see charts 1 and 2 and annex table I). The principal reason for this decline has been UNDP's decision to reduce the funding levels for regional programmes, which hitherto had been UNCTAD's main source of support. This has been particularly striking as regards UNDP's regional programme for Africa - formerly UNCTAD's most important single source of funding - which has not been able to provide significant support since 1992.

6. On the other hand, expenditure financed by funds-in-trust has increased substantially, reaching a further peak of US$ 10.0 million in 1994 and representing 46.8 per cent of the total (US$ 8.8 million in 1993). As indicated in table 1 of the annex, the main sources in 1994 have been Switzerland, Denmark, the European Union, the United Kingdom and the Philippines (through a World Bank loan), which each contributed more than US$ 1 million. Contributions from the United Nations regular budget have continued to be modest (2.5 per cent).

7. Since UNCTAD's domain is international aspects of trade and economic relations, most of its technical assistance is in the form of intercountry projects. However, there has been a trend towards country-specific projects over the past few years. In 1994, country activities represented more than 37 per cent of the total expenditure (see annex table III), as compared to about 35.5 in 1993 and 21.4 per cent in 1992. The level of regional activities (24.6 per cent of the total in 1994) has been maintained around the US$ 5 million mark over the past three years. Sub-Saharan Africa and Asia received the largest share (more than 16 per cent of the total each); Latin America and the Caribbean, 13 per cent; and Arab States, 8 per cent. Assistance to Europe, which was limited in the past, increased substantially in 1994, reaching 7.3 per cent, in line with the growing requests received from Eastern Europe and the countries of the former USSR (see annex table IV). The share received by Africa declined compared to previous years, the result of diminished UNDP funding. Interregional projects continued at a high level - more than 38.4 per cent of the total - although there was a slight decline over 1992 and 1993.

8. The components of project expenditures are presented in annex table VI. As is the case for technical cooperation activities in general, the major component consists of personnel and related costs, such as travel, which represented more than 80 per cent of the total in 1994. Another item recorded separately is training, which accounted for less than 10 per cent of the total. However,

Chart 1

TECHNICAL COOPERATION EXPENDITURES
1986 - 1994

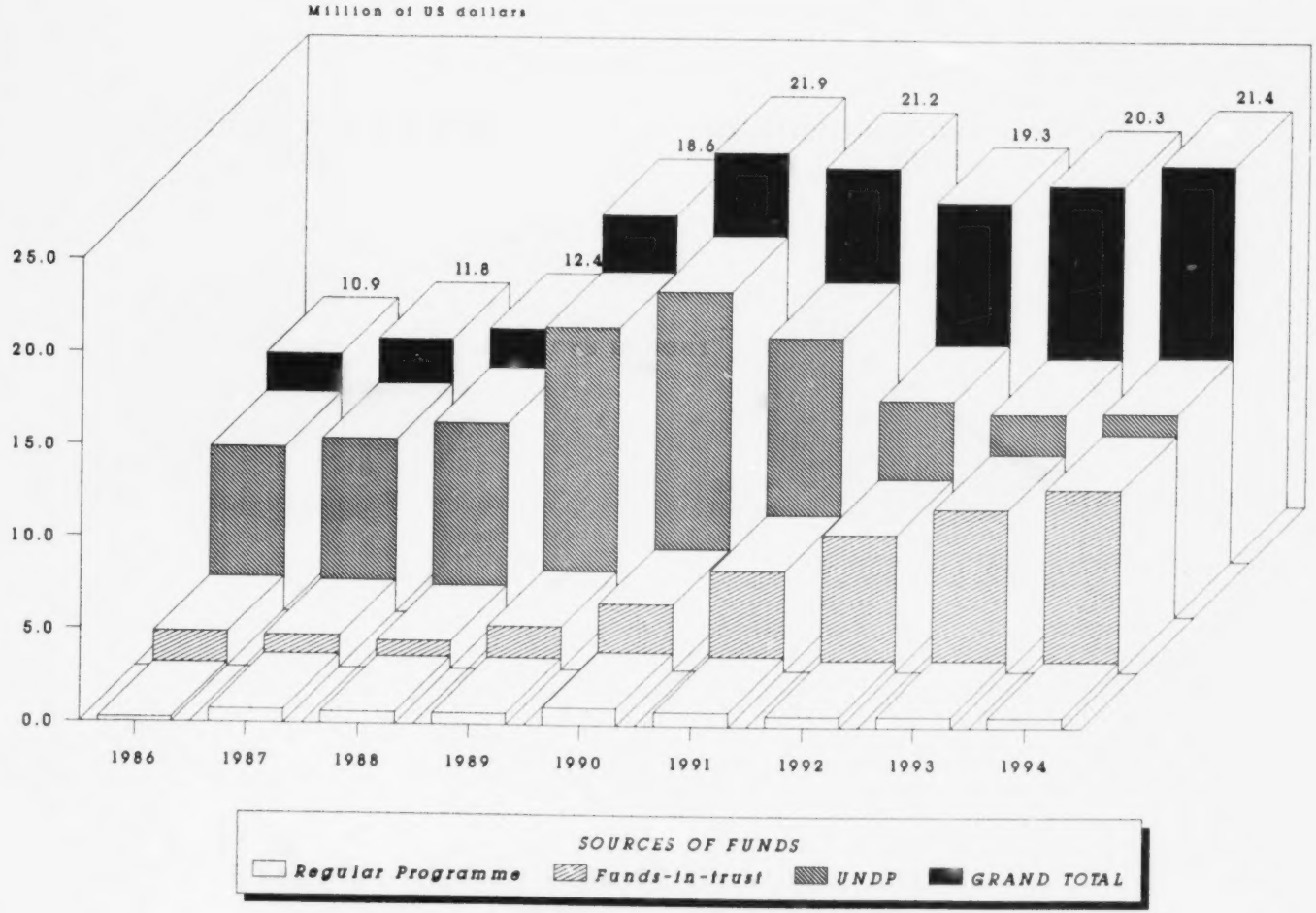
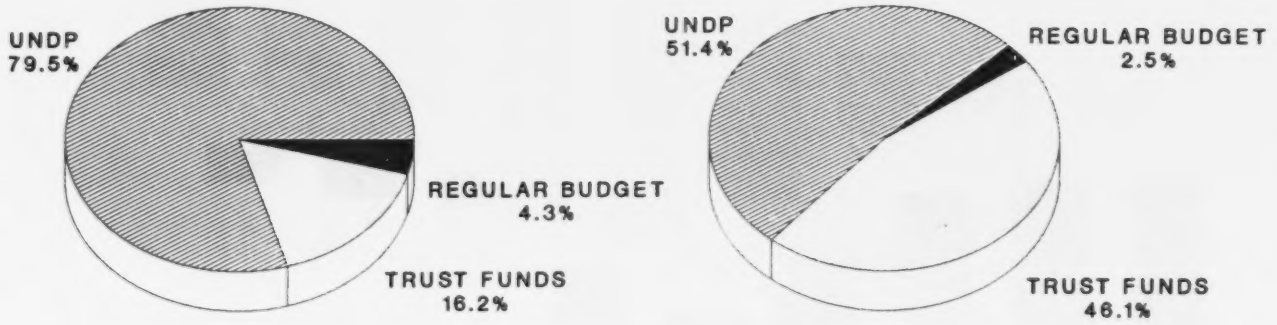


Chart 2

UNCTAD's TECHNICAL COOPERATION EXPENDITURES BY SOURCE OF FUNDS 1990-94



1990
EXPENDITURES US$ 21.9 million

1994
EXPENDITURES US$ 21.4 million

this figure is clearly an underestimate of UNCTAD's training activities, since most experts/consultants directly or indirectly undertake training, and several projects have training as their main focus. The equipment component (about 2 per cent) continued to be kept to the strict minimum. Even when specifications are provided by UNCTAD, the secretariat usually recommends that procurement be undertaken directly by governments or through other channels.

9. Information on experts and consultants working on UNCTAD projects in 1994 appears in annex table VII: in annex table VII.A by main country of assignment, and in table VII.B by nationality.

10. Table 1, based on annex table V, summarizes the expenditures in 1994, according to the main programmes/divisions which backstop the corresponding projects. The main features are highlighted below.

11. The extent of UNCTAD's technical cooperation in the area of commodities - less than 3 per cent of the total - has been small relative to the secretariat's work in research, policy analysis and support to international commodity cooperation. Technical cooperation was undertaken on the role of the mineral sector, on commodity processing and diversification, and on marketing and price-risk management. The MICAS system, aimed at providing countries with accurate information on the commodity sector, was further developed and tested, particularly in Asia. Work was also continued on assisting developing countries to foster sustainable development in the commodities field, including trade in environmentally preferable products, and on internalization of environmental costs and benefits. Assistance to developing countries on the management of food-commodity imports was continued.

12. The technical cooperation provided by the Global Interdependence Division - 11.7 per cent of the total - relates principally to debt management, and in particular, the DMFAS system, which assists developing countries in building up their capacity to deal effectively with all aspects of external-debt management. In 1994, the new software DMFAS 5.0 was developed and tested. Assistance was also provided to help countries prepare for rescheduling their official debt. Support to the Group of Twenty-Four - representing developing countries - on international monetary and financial issues was also continued.

13. The International Trade Division accounted for 17 per cent of the total UNCTAD expenditure on technical cooperation. A major component was the support provided to developing countries in the analysis of the implications of the Uruguay Round agreements and in their effective utilization. Assistance was also provided to countries in connection with their accession to GATT/WTO. The well-established programmes on the generalized system of preferences and on the control of restrictive business practices were continued, as was assistance to several countries in various aspects of trade policy, including export-processing free zones. UNCTAD's work relating to assistance to developing countries in understanding and dealing with the complex linkages between trade and the environment, was further developed through policy-oriented studies, workshops and seminars.

Table 1
TECHNICAL COOPERATION ACTIVITIES BY DIVISION
IN ACCORDANCE WITH UNCTAD'S 1994 STRUCTURE

EXPENDITURES AS AT 31 DECEMBER 1994

(In thousands of US dollars)

DIVISION	1994 EXPENDITURES			
	UNDP a	TRUST FUNDS b	TOTAL a + b	%
COMM: Total	120	486	607	2.8
Commodities policy and information	*120*	*363*	*483*	*2.3*
Sustainable development in the commodities field	–	*103*	*103*	*0.5*
Commodity price risk management	–	*20*	*20*	*0.1*
GID: Total	1,733	773	2,505	11.7
Development finance and debt:	*1,733*	*529*	*2,262*	*10.6*
a. DMFAS	*1,733*	*350*	*2,083*	*9.7*
b. Other	–	*179*	*179*	*0.8*
International monetary issues	–	*243*	*243*	*1.1*
ITD: Total	2,705	932	3,637	17.0
Follow-up to the Uruguay Round of trade negotiations	*1,776*	*162*	*1,938*	*9.1*
Trade and environment	*215*	*241*	*456*	*2.1*
Restrictive business practices	*36*	*61*	*97*	*0.5*
Trade policies and trade expansion	*646*	*49*	*695*	*3.2*
GSP and other trade laws	*31*	*419*	*451*	*2.1*
DTCI: Total	504	849	1,352	6.3
Privatization, entrepreneurship and competitiveness	–	*25*	*25*	*0.1*
Transnational Corporations	*504*	*824*	*1,327*	*6.2*
DST: Total	26	286	313	1.5
Science and technology for development	*26*	*286*	*313*	*1.5*
LDC: Total	250	234	484	2.3
Least developed countries:	*96*	*24*	*120*	*0.6*
a. Trade policies	*81*	–	*81*	*0.4*
b. Other	*14*	*24*	*39*	*0.2*
Land-locked and island developing countries	*154*	*210*	*364*	*1.7*
ECDC AND SP: Total	115	296	411	1.9
Poverty alleviation	*(10)*	*13*	*3*	*0.0*
Economic cooperation among developing countries	*125*	*199*	*324*	*1.5*
Assistance to the Palestinian people	–	*83*	*83*	*0.4*
SDTE: Total	4,698	5,226	9,923	46.4
Trade efficiency:	*2,842*	*3,434*	*6,276*	*29.3*
a. Customs modernization and reform	*2,842*	*2,780*	*5,622*	*26.3*
b. The Global Trade Point Network	–	*654*	*654*	*3.1*
Services development	*97*	*162*	*259*	*1.2*
Shipping, ports and multimodal transport:	*1,723*	*1,588*	*3,311*	*15.5*
a. Shipping	*68*	*62*	*130*	*0.6*
b. Multimodal transport	*507*	*(1)*	*506*	*2.4*
c. Port management and development	*1,088*	*325*	*1,413*	*6.6*
d. Maritime management training	*93*	*682*	*776*	*3.6*
e. Management of transport routes	*(33)*	*520*	*487*	*2.3*
Insurance	*35*	*42*	*77*	*0.4*
Cross-sectoral and other activities: Total	683	935	2,162	10.1
Data management	*14*	*72*	*87*	*0.4*
Training and human resource development	*258*	*852*	*1,110*	*5.2*
Advisory services	*411*	*10*	*965 a/*	*4.5*
GRAND TOTAL	10,834	10,017	21,395 a/	100.0

a/ Including US$ 543,763 financed from the Regular Budget Sec.12.

14. The technical cooperation activities of the Division for Transnational Corporations and Investment (which has replaced the former Programme on Transnational Corporations) and of the Division for Science and Technology are reported together, since most are undertaken jointly. Together those activities represented 7.8 per cent of the total in 1994. An important aspect consists of advice and training to strengthen the capacity of developing countries to create and maintain a policy framework to attract foreign investment, as well as to assist them in negotiating international business agreements. Two other interrelated programmes are EMPRETEC and TRANSTEC, which aim at promoting entrepreneurship and technology transfers particularly to small and medium enterprises. Other activities relate to assistance in the commercialization of science and technology, in technology capacity-building and in privatization issues. Co-operation was also initiated in countries of the former USSR in the area of accounting standards.

15. The Division for the Least Developed Countries was responsible for 2.3 per cent of UNCTAD's total programme.[1] Activities consisted of support related to the preparations for the Mid-term Global Review of the Programme of Action for the LDCs, scheduled for the third quarter for 1995, and in strengthening the national capability of the trade and external sector of LDCs. Assistance directed specifically to land-locked countries in Africa was much reduced in 1994, as compared to earlier years, due to lack of funding. A new initiative was taken to assist the land-locked countries in Central Asia, and is being pursued in 1995.

16. The technical cooperation implemented by the Division for Economic Cooperation among Developing Countries and for Special Programmes was limited (1.9 per cent of the total) in terms of expenditures. However, ECDC activities acted as a catalyst in supporting several economic groupings, and their trading enterprises, and assistance continued to be provided to the promotion of the Global System of Trade Preferences. The Division is also responsible for activities to provide assistance to the Palestinian people. In line with political developments, this programme has started moving from analytical to more operational work. In the area of poverty alleviation, UNCTAD has no capacity for direct technical cooperation; a workshop to exchange international experience on this subject was prepared in 1994 and held in January 1995.

17. The new Services Development and Trade Efficiency Division accounted for the major part (46.4 per cent) of UNCTAD's expenditure on technical cooperation. This is due mostly to the great demand for the programme for customs reform and computerization, ASYCUDA, which has been UNCTAD's largest single technical programme since the late 1980's. ASYCUDA projects alone represented more than 26 per cent of UNCTAD's overall programme in 1994. Another activity that was initiated in 1992 in the context of the trade-efficiency initiative is the Trade Point Programme, under which UNCTAD has carried out a number of presentations and technical support missions, with a view to establishing individual trade points and the Global Trade Point Network.

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[1] This figure does not include the projects carried out in the least developed countries reported under other divisions, according to the subject matter.

18. This Division's responsibility also includes UNCTAD's work on shipping, ports and multimodal transport, where technical assistance has traditionally figured prominently. Expenditure in this area accounted for 15.5 per cent of UNCTAD's total in 1994. The main components were port management, in particular a large project to rehabilitate the Somali ports, maritime training (TRAINMAR) activities, and cargo tracking (ACIS). Finally, among the other activities backstopped by this Division are: assistance to the development of the service sector in developing countries, where particular attention was paid to Africa (CAPAS programme), and the insurance programme, which has continued to implement national and regional projects to strengthen competitive insurance markets.

19. Certain technical cooperation activities of relevance to several programmes and divisions are handled centrally under the responsibility of the Division for Programme Support and Management Services and are reported under Cross-sectoral and other activities. These represented 10.1 per cent of the total expenditure in 1994. They include the TRAINFORTRADE programme, which has developed a number of training packages and supported training institutions in developing countries in their adaptation and delivery. The interregional advisory services to developing countries made available under section 12 of the United Nations Programme Budget and the UNDP sectoral support programme are also reported here. A final component is the technical cooperation undertaken by the Data Management Service, which consisted of the improvement, extension and dissemination of the database on trade-control measures through a software called TRAINS available on CD-Rom diskettes.

B. General issues and developments.

1. Cooperation with other organizations

20. UNCTAD's technical cooperation deals with broad issues of trade and development. It is therefore to be expected that the Trade and Development Board -in the context of its 1994 policy review of UNCTAD's technical cooperation - and the Working Party would request action to ensure coordination between UNCTAD's operational work and the similar work of other organizations also engaged in technical cooperation on related subjects. and to report thereon (see, for example, paras. 9(h) and 9(i) of the Trade and Development Board's Agreed Conclusions, September 1994, and paras. 10, 11, and 12 of the WP94 Agreed Conclusions).

21. The Board is particularly interested in ensuring close cooperation, at the operational level, between UNCTAD's technical cooperation activities and those of the International Trade Centre (ITC). This issue has become more pronounced as a result of three recent developments in UNCTAD: first, the transfer to UNCTAD of the United Nations Programme on Transnational Corporations, which has traditionally dealt among its activities with micro-economic factors at the enterprise level and with the private sector development; secondly, the launching of the trade-efficiency initiative at UNCTAD VIII, and the success in establishing trade points, and the global trade point network; and thirdly, guidelines and decisions made by the Conference and the intergovernmental machinery of UNCTAD regarding more involvement of non-governmental actors in UNCTAD's work.

22. Accordingly, UNCTAD recognizes the need to ensure as much complementarity as possible with ITC at the operational level. Both organizations agreed on a common text regarding cooperation in programming missions, that was circulated to the staff early in 1995. Meetings between UNCTAD and ITC are held regularly to discuss areas of common concern, so as to improve cooperation and eliminate duplication. Topics covered so far include trade and the environment, and small and medium-size enterprises. Meetings on other topics are planned, including training and human-resource development. Special arrangements are in place regarding joint work on trade efficiency, in which ECE also actively participates. Collaboration also continues on individual projects described throughout Section II. ITC is cooperating with UNCTAD in preparing the paper for UNDP on trade, investment and sustainable human development.

23. Cooperation with GATT continued in 1994 on an ad hoc and subject-specific basis. In 1995, with the establishment of WTO, cooperation has increased, particularly in light of the understandings reached between the United Nations and WTO. WTO staff participate regularly in seminars and workshops organized by UNCTAD on the Uruguay Round and its follow-up, and UNCTAD participates in GATT/WTO commercial policy courses. At the operational level, particular attention was focused on cooperation (also involving ITC) to assist Africans to act on the results of the Uruguay Round, following the Economic Commission for Africa's (ECA) Conference of African Trade Ministers hosted by the Government of Tunisia in October 1994.

24. UNDP remains the singlest largest source of support for UNCTAD's technical cooperation, and the Resident Representatives/Resident Coordinators undertake many useful functions in support of UNCTAD's activities. A special effort is being made to improve the dialogue with UNDP on how trade, investment and other components of international economic cooperation can support UNDP's agenda of sustainable human development. UNCTAD participates regularly in various UNDP and inter-agency meetings designed to promote a system-wide approach to operational activities and to follow-up on the various ECOSOC and General Assembly resolutions on the subject.

25. Cooperation has continued with a number of organizations engaged in technical cooperation for trade and development. One measure of such cooperation is the increasing extent to which UNCTAD is requested by other organizations to implement part or all of the projects executed by governments and financed from a variety of sources. Activities of this kind have increased from some US$ 1.6 million in 1992 to US$ 1.9 million in 1994.

26. UNCTAD's collaboration with the World Bank in several areas of technical cooperation has continued to increase: special mention should be made of debt management (DMFAS), customs reform (ASYCUDA) and other aspects of trade efficiency including trade points and transport, including cargo tracking along transport routes (ACIS). UNCTAD regularly demonstrates its various software packages to the staff of other organizations, including the World Bank, the International Monetary Fund (IMF) and the Inter-American Development Bank (IADB). The World Bank and UNCTAD are finalizing a joint publication on transport logistics in Africa. Collaboration with the IMF as regards technical cooperation is focused on the customs programme involving joint missions and joint projects. The IADB finances, through loans to its member

countries, several ASYCUDA projects and, through parallel financing, other activities jointly with UNCTAD including LATINTRADE.

27. Section II of the text lists organizations with which UNCTAD cooperates in the context of individual projects, including the five regional commissions, FAO, ILO, IMO, UNIDO and the United Nations Department for Development Support and Management Services.

2. Evaluation of projects and programmes

28. During the reporting period, evaluations included, "Improving customs administration through computerisation" (SRL/91/018, April 1994) and "TRAINFORTRADE, Caribbean region" (CAM/91/A36, June 1994). In addition, there was a major policy evaluation of the overall technical cooperation since UNCTAD VIII (TD/B/40(2)/14). The findings and lessons learned from the above evaluations, together with those from the evaluations conducted during 1992-1993, have already been summarized in last year's report (TD/B/WP/84, August 1994). These findings and lessons are of a general character, reflecting UNCTAD's experience in planning, design and implementation of technical cooperation projects.

29. In the course of 1995, the Programme Coordination and Evaluation Unit, with the assistance of an independent consultant, undertook an in-depth study of the ASYCUDA programme. This study was called for by the Working Party at its twenty-fourth session, and was aimed at providing a basis for **"the Working Party to better evaluate the programme, recommend follow-up action and enhance UNCTAD's comparative advantage"**. The study is now available to the Working Party under the title: "In-depth study on UNCTAD's ASYCUDA Programme" in TD/B/WP/93.

30. As mentioned in last year's report, not all projects are subject to evaluation. Most UNDP-financed UNCTAD projects do not fall within the UNDP requirements for evaluation, while the evaluation of trust fund projects is done largely on an ad hoc basis, depending on the requests of individual donors. In this light, an annual in-depth study of a specific technical cooperation programme (as decided by the Working Party at its twenty-fourth session) is particularly useful as it facilitates the review and informed decision by Member States. **Such an annual exercise by the secretariat is dependent on the availability of resources.**

3. Mobilization of resources

31. UNCTAD has been successful in continuing to attract resources from a variety of countries and organizations for its technical cooperation. In fact, 1994 saw the highest level yet of contributions to trust funds, US$ 16.6 million, an increase of 64 per cent over 1993. (See table 2)

32. The main reason for the increase in contributions is the high quality of certain UNCTAD programmes which beneficiaries request and which donors are ready to support. The United Kingdom became a significant new donor to UNCTAD, contributing from its Know-How Fund to ASYCUDA projects in Slovakia, Hungary, and Romania. UNEP contributed to UNCTAD, also

Table 2

UNCTAD TRUST FUND CONTRIBUTIONS a/ (1983–1994)
(in United States dollars)

DONOR	1983–1991 cumulative	1992	1993	1994	TOTAL (1983–1994)	SHARE %
Arab Industrial Dev. Org.	80,000	–	–	–	80,000	0.1
Argentina	7,500	–	15,000	9,950	32,450	0.1
Armenia (b)	0			520,000	520,000	0.8
Australia	0	19,268	–	10,000	29,268	0.0
Austria	63,364	70,000	–	101,321	234,685	0.4
Bangladesh	0	–	3,000	–	3,000	0.0
Belgium	544,364	159,744	401,704	–	1,205,832	1.9
Belize	0		183,000	16,098	199,098	0.3
Benin	0	11,828	–	–	11,828	0.0
Bermuda	29,000	–	–	–	29,000	0.0
Brazil	142,177	14,994	–	–	157,171	0.3
Burkina Faso (b)	0	–	–	100,819	100,819	0.2
Canada	119,378	44,748	305,390 (c)	55,761 (c)	525,275	0.8
Carnegie Corporation	0	–	–	100,000	100,000	0.2
Chile	17,500	–	–	–	17,500	0.0
China	100,000	9,985	25,000	50,000	184,985	0.3
Colombia	20,000	–	–	–	20,000	0.0
Denmark	1,145,200	366,175	875,956	1,947,073	4,134,404	6.7
ECOWAS	433,000	–	–	–	433,000	0.7
Ecuador (b)	16,300	–	–	35,934	52,234	0.1
Egypt	15,000	(3,290)	83,000	–	94,710	0.2
ESAIDARM Secretariat	0	–	–	135,600	135,600	0.2
European Commission	425,758	1,594,663	443,698	1,780,215	4,244,334	6.8
FAO	0			5,000	5,000	0.0
Finland	860,748	121,978	–	111,083	1,093,809	1.8
France	703,293	436,514	834,950	564,965	2,539,722	4.1
Gabon	50,000	–	–	–	50,000	0.1
Georgia (b)	0	–	–	500,000	500,000	0.8
Germany	1,416,291	800,502	65,927	234,603	2,317,323	3.7
Ghana	14,000	–	25,000	–	39,000	0.1
Gibraltar	226,900	125,917	–	–	352,817	0.6
Helsinki School of Economics	79,957	–	–	–	79,957	0.1
Honduras	0		–	16,950	16,950	0.0
Hong Kong	279,406	(16,498)	–	–	262,908	0.4
India	55,000	–	–	–	55,000	0.1
Indonesia	84,161	4,968	–	9,964	99,093	0.2
Iran (Islamic Republic of)	10,000	(23,327)	15,000	–	1,673	0.0
Islamic Development Bank	85,000	–	–	(22,307)	62,693	0.1
Islamic Res. & Training Inst.	34,983	–	–	–	34,983	0.1
Italy	6,407,966	2,407,241 (d)	870,518 (e)	256,772 (f)	9,942,497	16.0
Japan	708,162	176,175	381,069	778,270	2,043,676	3.3
League of Arab States	(3,803)	–	–	–	(3,803)	–0.0
Luxembourg	100,000	700,000	177,961	790,499	1,768,460	2.8
Macao	15,000	–	–	–	15,000	0.0
Madagascar	35,000	–	–	–	35,000	0.1
Malaysia	15,000	3,000	–	–	18,000	0.0
Malta	0	233,000	164,982	132,980	530,962	0.9
Mexico	33,000	15,553	16,500	28,000	93,053	0.1
Misc. Institutions	111,453	129,832	99,396	94,926	435,607	0.7
Mozambique	0	–	115,825	–	115,825	0.2
Namibia	0	–	113,000	500	113,500	0.2
Netherlands	1,008,971	514,080	620,900	810,052	2,954,003	4.8
Nigeria	19,886	(6,780)	–	10,000	23,106	0.0
Norway	1,422,366	584,002	642,022	536,944	3,185,334	5.1
Pakistan	17,500	(3,290)	–	–	14,210	0.0
Papua New Guinea	0	3,000	–	–	3,000	0.0
Philippines (b)	0	16,654	15,000	1,038,000	1,069,654	1.7
Poland	0		–	13,000	13,000	0.0
Portugal	0	20,000	38,800	39,000	97,800	0.2
Republic of Korea	50,000	–	14,744	17,345	82,089	0.1
Romania	0	14,970	–	–	14,970	0.0
Sao Tome and Principe	0	–	51,794	–	51,794	0.1
Saudi Arabia	50,000	–	–	–	50,000	0.1
Senegal (b)	0	–	144,309	72,155	216,464	0.3
Singapore	15,000	5,200	–	–	20,200	0.0
Spain	0	–	47,230	41,260	88,490	0.1
Sri Lanka	3,000	16,500	–	–	19,500	0.0
Sudan	0	–	68,773	55,040	123,813	0.2
Sweden	3,414,015	433,981	797,751	62,485	4,708,232	7.6
Switzerland	3,088,030	920,035	1,079,698	2,447,774	7,515,537	12.1
Syria	0	–	9,972	–	9,972	0.0
Textile Bureau	185,991	–	–	–	185,991	0.3
Thailand	215,000	–	50,000	50,000	315,000	0.5
The Ford Foundation	0	–	150,000	–	150,000	0.2
Trinidad and Tobago	40,484	–	–	–	40,484	0.1
Tunisia	322,808	15,000	–	–	337,808	0.5
Turks & Caicos Island	38,000	–	–	–	38,000	0.1
UDEAC	170,328	–	–	–	170,328	0.3
Uganda (b)	0	–	50,400	62,500	112,900	0.2
UNEP	0	–	–	146,000	146,000	0.2
United Kingdom	278,177	111,869	103,133	1,517,860	2,011,039	3.2
United Nations New York (g)	0	–	407,523	625,256	1,032,779	1.7
United States of America (h)	54,500	565,417	812,589	554,500	2,027,036	3.3
Uruguay	12,365	–	–	–	12,365	0.0
Venezuela	0	–	–	2,203	2,203	0.0
World Bank	0	–	–	133,817	133,817	0.2
Zimbabwe	15,000	–	–	–	15,000	0.0
TOTAL	**25,021,529**	**10,413,408**	**10,120,514**	**16,599,965**	**62,155,415**	100.0

(a) Exclusive of cost–sharing contributions through UNDP.
(b) Amount transferred to UNCTAD drawn from World Bank loans or IDA credits.
(c) The amount refers to contributions received from IDRC (US$ 275,109 in 1993 and US$ 52,180 in 1994) and IIDS (US$ 30,280 in 1993).
(d) Includes US$ 224,457 suballotted from DDSMS/NY for the Associate Experts.
(e) Includes a contribution of US$ 628,194 plus US$ 242,324 suballotted from DDSMS/NY for the Associate Experts.
(f) Includes US$ 192,100 drawn from interests earned by the Italian Trust Fund plus US$ 64,672 suballotted from DDSMS/NY for the Associate Experts.
(g) Amount transferred from UNDDSMS for the Programme on Transnational Corporations.
(h) Amount does not include funds for the Symposium on Trade Efficiency.

for the first time, for activities in the area of trade, environment and commodities. Seven World Bank borrowers requested UNCTAD to provide services in the areas of ACIS, ASYCUDA and DMFAS amounting to US$ 2.3 million. The World Bank also provided direct contributions for DMFAS and TRAINS. Contributions were also received from certain foundations.

33. The European Commission agreed to finance such UNCTAD activities as regards ASYCUDA, TRAINMAR, ACIS and TRAINFORTRADE. It is anticipated that cooperation with the European Commission may continue to develop, particularly following the understandings reached between the United Nations and the European Commission regarding administrative and financial issues that affect the European Commission contributions for the technical cooperation activities of the United Nations.

4. Follow-up to the policy review by the Trade and Development Board

34. The Working Party should recall the policy review conducted by the TDB in 1994, on the basis of a report by independent consultants, resulting in the Agreed Conclusions of September 1994. Those conclusions and the follow-up are summarized as follows:

- paragraph 9(a-d) set out policy guidelines for technical cooperation. The actual application of these guidelines should be reviewed by member states from time to time;

- paragraph 9(e) calls for innovative modalities and cost-effectiveness in delivery, e.g. networking. Trade Points, TRAINMAR and TRAINFORTRADE are good examples of networking. Section II has other examples of new modalities;

- paragraph 9(f) is on human resource development, particularly TRAINFORTRADE. This is addressed in paragraphs 298-302 in section II;

- paragraph 9(g) calling for a dialogue with UNDP is being followed up (see paragraph 24 above);

- information on the follow-up to paragraph 9(h-i) on cooperation between UNCTAD and other organizations, particularly WTO and ITC, is provided in this report (paragraphs 21-23);

- paragraph 9(j) is addressed to donors to UNCTAD's technical cooperation activities;

- no action has been taken with regard to paragraph 9(k) on the establishment of a general trust fund;

- paragraph 9(l) proposes that consideration be given to the establishment of a consultancy firm closely associated with UNCTAD to market certain of its products and services. Consultations were held in December 1994 with interested delegations on the terms of reference for a feasibility study on the matter financed from extrabudgetary contributions. Such contributions have not yet materialized.

- paragraph 9(m) requested improvements to the management of technical cooperation. Arrangements are now in place to facilitate the allocation of support costs among concerned divisions in a more transparent and equitable manner;

- paragraph 9(n), on reporting on technical cooperation to the Working Party, was acted upon by the Working Party at its twenty-fourth session in December 1994. This report is the result thereof;

- in paragraph 9(o), the Board agreed to inscribe an item on technical cooperation in its agenda for the first part of its annual session. As the 1995 session of the Working Party to review technical cooperation is scheduled to meet after the first part of the forty-second session of the Board, the item will be inscribed on the agenda of the second part of the forty-second session.

II. REVIEW OF ACTIVITIES BY PROGRAMME AREA

A. Commodities Division

35. Commodities in their raw or semi-processed form still represent the main sector of economic activity for most developing countries. Commodity production and exports in these countries are the principal activities for generating domestic savings, external resources and employment and provide the material base for economic development. However, their great dependence on commodities makes developing countries vulnerable to factors such as production failures or adverse changes in prices, leads to overexploitation of natural resources, and inhibits economic growth, sustainable development and integration of these countries into the international trading system.

36. The Cartagena Commitment made specific reference to increased technical cooperation in the commodities field in such areas as support for appropriate national commodity policies (para. 199), mechanisms to manage price and other commodity-related risks (para. 205) and technologies to cope with commodity-specific environmental problems (para. 208(d)). In particular, UNCTAD is mandated to undertake technical cooperation projects and programmes on diversification, processing, marketing and distribution "... particularly for human resources development" (para. 211) and, with regard to the link between commodity policies, use and management of natural resources and sustainable development (para. 214). The orientations given by the Cartagena Conference, reiterated by the Standing Committee on Commodities at its first, second and third sessions, were reflected in UNCTAD's technical cooperation activities in the field of commodities undertaken during the reporting period.

1. Commodity policies, management and provision of information for investment and marketing decisions

37. The objective of the MINDEV project on the role of the mineral sector in the development process of developing countries (INT/87/A05), initiated in 1988 with the support of Norway and Sweden, consists of identifying and promoting policies that enhance the integration of the non-fuel mineral sector into the national economy as a whole, particularly in mineral-dependent developing countries, in order to achieve a more broadly based and eventually self-sustaining process of economic development. The project activities consist of: (i) the organization of a series of regional seminars, for public and private-sector agents from developing countries to exchange views and compare experiences on the role of the mineral sector in national development; and (ii) a number of country case studies that describe mineral-sector policies in detail and examine the extent to which they are related to national development planning.

38. The project main activity in 1994 was the organization of an international conference on development, environment and mining, co-sponsored by UNCTAD, UNEP, the World Bank and the International Council on Metals and the Environment. Held in Washington D.C., in June 1994, the conference was attended by some 300 people from 57 countries with participants from governments, industry, academia and non-governmental organizations; about half of the participants came from developing countries. The following subjects were covered: the

management of mineral economies; public and private roles in mineral development; mineral investment and taxation issues; information needs for mineral resource decision-making; mining and the local community; environmental liability and the rehabilitation of mining sites; the role of government in environmental protection; and environmental management in the mineral industry. The conference thus addressed a broad spectrum of concerns, increasingly articulated since United Nations Conference on Environment and Development (UNCED), about sustainable development as it relates to the mineral sector. A report on the conference was made to the third session of the UNCTAD Standing Committee on Commodities.

39. Following the conference on development, environment and mining, work was initiated on a comprehensive report on mineral resources and economic development with a view to concluding the current phase of the MINDEV project during 1995. The intention is to build on the results of this project and to devise, in a second phase, a programme of technical assistance activities at the country level, with an emphasis on the integration of economic, environmental and social aspects of mineral-resource exploitation in the context of sustainable development.

40. In 1994, UNCTAD continued to implement the last stage of the pilot project on commodity processing in selected developing countries (INT/91/006). This project, financed by the Government of Japan and UNDP, and developed in cooperation with other international agencies and beneficiary countries, was designed to test a new approach to cooperation between international organizations with competence in related areas (FAO, UNIDO, UNDP, the World Bank and responsible regional development banks).

41. In its pilot phase, the project concentrated on two countries, Cameroon and the Solomon Islands, which appear to have prospects for a successful commodity-processing sector. After undertaking the assessment of their commodity-sector potential and the development of project profiles, round-table meetings with the participation of the government, the local private sector, independent experts and representatives of participating agencies were organized in both countries with a view to evaluating the viability of potential investment projects.

42. After the identification by the round-table meeting on the Solomon Islands of sectors with potentially viable investment opportunities, discussion of projects in these sectors, as well as an indication of supportive measures and commitments to facilitate private enterprise development, various national and foreign entrepreneurs confirmed their interest in finalizing the project proposal. In accordance with the decision of the round-table meeting, the FAO developed a technical cooperation programme in the honey industry sector, which was launched in May 1994. Participants at the round-table meeting in Cameroon agreed on sectors with particular processing potential. In selected areas, projects were discussed and commitments were identified. After the meeting, consultations were held with potential investors, promoters and funding agencies that had expressed interest in the projects concerned.

43. The results of the project activities clearly demonstrate the benefits of encouraging private investment in processing activities through a new multi-agency cooperation mechanism, based on utilization and direct participation of international and regional organizations with competence in related areas. As it was widely felt that the project mechanism had been successfully tested during

its pilot stage, representatives of these organizations have expressed the view that other developing countries, which remain highly dependent on exports of primary commodities but have some potential for processing, could become beneficiaries of similar activities.

44. As many developing countries continue to be deeply concerned about their deteriorating food situation, the objective of the project on service related to import management and policies for food commodities (INT/88/A07) consisted in providing assistance to food-importing developing countries, in particular the least developed countries, with a view to reducing the foreign-exchange costs of food imports, especially rice and wheat. The activities of the project, which was financed by Italy and Switzerland, consisted of advisory missions, fellowships and the establishment of a rice-market information service. The project also organized seminars on international trading for food commodities and on trade finance. Fellowships were granted to purchasing officials from developing countries in major international grain-trading and inspection companies.

45. The project has resulted in a substantial improvement of the level of market information, product, financial and commercial knowledge of commodity-import traders in Africa. Market knowledge was improved in particular for rice through the early establishment of a market news service for this commodity. These achievements have enabled traders to judge the market better and to negotiate their commodity deals in a more professional manner. This led to more competitive import prices and better protection for buyers as well as a limitation of commercial risks through improved contractual terms. The project was terminated in June 1994. During the first six months of 1995, the above activities were continued mainly in sub-Saharan African countries with an emphasis on advisory missions, particularly for grains.

46. The project on trade finance and food import management (INT/94/A47) is also concentrating its activities on the rationalization of food imports. It is financed by the Government of France. The difference between this project and project INT/88/A07 consists in a shift of work towards sub-Saharan Africa and the private sector as the main beneficiary of its activities. The project carried out a study on the rice market in five West African countries, namely Benin, Cameroon, Burkina Faso, Mali and Cote d'Ivoire with a view to considering the regional stockpile for rice. It also updated information on the rice market for the benefit of traders and government officials. Within this context, work was undertaken on, in particular, import policies, custom duties and other taxes, current rice imports and the development of local sales prices.

47. Assistance was also provided to Comoros in the area of their rice imports. ONICOR, the State Trading Organization, responsible for rice import, was assisted in its tendering procedures, evaluation of bids, as well as in the areas of financing and freight arrangements. The preparation of a study on the implications of the devaluation of the CFA franc on food imports in certain West African countries has been postponed because adequate statistical data on imports, as well as local production and consumption for the period following the devaluation in January 1994, are not yet available. However, it is planned to undertake this study in the second half of 1995 once data are available.

48. As many developing country governments and companies are handicapped in a constantly changing international economic environment by a lack of accurate and timely information to enable them to formulate policies for the development of their commodity sectors, the microcomputer-based commodity analysis and information system (MICAS - INT/91/A41) was designed to provide governments and the enterprise sector of developing countries with such information. Under this programme, a computer simulation illustrating the operations and function of such a system was used for demonstrations in Asia and the Pacific, and in Latin America and the Caribbean to assist potential user governments in taking decisions on the development of a MICAS. The system was demonstrated to about 50 governments. Following the ACP region expression of interest, a pilot version of one form of MICAS was developed and installed in four countries in the region to start collecting information at the country level. These countries have contributed some of their own funds for the purpose.

49. An ESCAP/UNCTAD/UNDP regional MICAS workshop was held in Bangkok in December 1994, in order, inter alia, to formulate a work programme for the further development of MICAS in the ESCAP region. The workshop reaffirmed the importance of MICAS as a tool for developing a natural-resource management-information system and recommended further the development and strengthening of MICAS in the region. Further consultations on MICAS were held later in Manila, in the course of which a number of recommendations were made with respect to possible sources of finance, including UNDP Asian programmes and bilateral donors.

2. Sustainable development in the commodities field

(a) Environmental policies and the internalization of external costs and benefits

50. The inclusion of environmental costs and benefits in the prices of goods and services is one of the principal elements of sustainable development policies. The technical assistance activities of the Commodities Division aim to contribute to the interested developing countries' application of this concept, in four main respects.

(i) In spite of the wide acceptance of the importance of internalization of environmental costs and benefits in the pursuit of sustainable development, application of this principle is not yet widespread. This appears to stem from a variety of considerations, the principal one being concerns about the loss of competitiveness in international markets. Under the project INT/94/A07, the Government of Norway financed a study on "Internalization of environmental damages in agriculture: effects on environmental and economic variables". After reviewing the environmental effects of agricultural production and the economic effects of internalization of environmental costs, it provides a framework for estimating these effects. The work has been issued as two documents, "Review of environmental damages estimates in agriculture and internalization measures" (UNCTAD/COM/52) and "Internalization of environmental damages in agriculture" (UNCTAD/COM/53). Preliminary quantitative results are presented in the second document which indicate the likely impact of internalization on competitiveness under different assumptions. This research is a first step in filling an important information gap concerning policy-making for sustainable development.

(ii) A joint UNEP/UNCTAD project (INT/94/A58) started in 1994 examines the practical issues that need to be resolved for progress in terms of internalization of environmental costs and benefits in commodity production and processing. It also aims at generating ideas for facilitating cooperative and multilateral approaches to the internalization of environmental externalities.

51. This project consists of three parallel case studies under way in South Africa, Egypt and the Czech Republic, together with a workshop in the autumn of 1995 which aims to promote an exchange of views and to contribute to the establishment of a solid factual basis for policies and measures in this area.

52. The principal questions which are being pursued in the case studies are the following: What are the main environmental problems associated with the commodity/natural resources-based sectors (including processing activities)? What are the main causes of these problems and which could be the subject of internalization policies? What are the optimal policies/measures that could be implemented in this respect, taking into account efficiency and cost effectiveness? Are there any policies/measures which are now being implemented, and what are the shortcomings or difficulties experienced in this context? What would be the probable economic and social impact on the main actors involved in implementing the optimal policies/measures? What are the basic domestic and international constraints to implementing these policies/measures? What kinds of international cooperation could be envisaged to overcome the constraints preventing the desirable policies/measures from being implemented?

(iii) A pilot study is being initiated on the rubber sector. It will lead to specific proposals concerning technical assistance on the practical aspects of the internalization of environmental externalities in the case of specific commodities, directed to the producers, consumers and the industry.

(iv) The Commodities Division has also prepared a training programme in the area of the internalization of environmental externalities. The full implementation of this programme, which would include as its principal element a training course developed in the Division, is dependent on the availability of extrabudgetary resources. The course, however, can already be offered in developing countries on request at a small cost.

53. The training course contains five modules. The current focus is on the commodity sector, but the course could easily be extended to other sectors or to particular environmental problems. **Module 1** introduces the basic concepts underlying environmental policy-making, such as the scope of environmental problems, market and policy failures, and important environmental principles. **Module 2** gives an overview of command-and-control, economic, and communicative policy instruments for environmental management. **Module 3** focuses on the selection of the appropriate "policy mix" of instruments for sustainable resources management in developing economies. **Module 4** deals with domestic and international financing mechanisms for sustainable development. **Module 5** on environmentally preferable products (EPPs) focuses essentially on natural products, particularly agriculture- and forestry- based, which can make substantiated claims to be environmentally friendly and may have positive trade and development implications for developing countries.

(b) Environmentally preferable products and changing consumption patterns

54. Technical cooperation activities relating to EPPs have responded to growing needs among developed and developing countries for more sustainable production and consumption patterns. UNCTAD's aim is to assist developing countries to take better advantage of the rising demand for environmentally preferable products, both domestically and in international markets and to further the use of technologies. Environmental as well as economic objectives could thereby be attained in the countries concerned, namely: (a) improvement of environmental conditions in developing countries themselves in cases where environmental benefits occur at the production stage; (b) creation of additional jobs in environmentally friendly sectors; and (c) increase in foreign-exchange earnings by expanding exports of environmentally preferable products.

55. Currently, the focus is on products with export potential, classified according to the main environment-based arguments that can be used in increasing acceptance of these products. Case studies have been and are being undertaken in several developing countries to identify the supply potential and constraints to increased production and trade in these products. Under the UNDP-financed project RAS/92/034, a case study in the Philippines has been finalized and is being prepared for publication. Two more case studies, including work on EPPs, are planned in the Asia and Pacific region. These three studies will be part of the inputs for a seminar which will be organized in this region with a view to: (a) bringing together experts, developing country government officials and representatives of the private sector, and possibly also traders/consumers from developed countries; and (b) identifying cooperative ways and means of increasing production and trade in EPPs produced in the region.

56. A series of country studies initiated in 1994 is under way funded by the Government of the Netherlands (project INT/92/A06). Two of these studies (Brazil and Kenya) will provide an overview of supply of EPPs in these countries, as well as suggestions as regards measures to be taken in order to enhance production and export potential of EPPs in these countries. The third study is commodity focused and deals with the potential European Union demand for biofuels from developing countries.

57. On the basis of both in-house research and the above-mentioned studies, a training course for developing countries has been prepared on environmentally preferable products. It focuses essentially on natural products, particularly agriculture- and forestry-based, which can make substantiated claims to be environmentally friendly and may have positive trade and development implications for developing countries. The training is designed for government officials involved in the development (production and marketing) of such products, for representatives of professional associations working in related areas, as well as for the private sector (producers, traders) and banks. The purpose is to raise their awareness of the positive trade, environmental and developmental implications for their countries and for individual companies of the production and trade in EPPs and to enhance the skills needed for identification, promotion and export of these products. Extrabudgetary support is being sought to deliver the training and to adapt the course to particular contexts of different developing countries and regions.

58. As part of the activities on changing production and consumption patterns and the promotion of environmentally friendly materials/products, UNCTAD has intensified its work on re-usable and recyclable materials. Recognizing the deficiencies in production and trade data of recoverable waste and scrap, and the significance of this for the design and conduct of economic policy, UNCTAD prepared a statistical review of international trade in metal scrap and residues between OECD and developing countries for the period 1980 to 1993. This was done within the framework of the project INT/95/A39 financed by the International Council on Metals and the Environment (ICME). The statistical review, which is the point of departure for more systematic work on statistics on re-use and recycling, as well as the economic, social and environmental significance of re-use and recycling in developing countries, was presented at two international meetings,[2] where developing countries and countries-in-transition were present. The report, together with a draft work-programme on re-use and recycling, was also made available to all important metal-scrap importing developing countries, as well as to governments participating in the deliberations of the Basel Convention.

59. UNCTAD has started executing a work programme on sustainable resource use (re-use and recycling) which focuses on four issues: (i) the compilation of statistics on trade and consumption of secondary material in developing countries; (ii) a series of country case studies on the economic, social and environmental effects of enhanced metal re-use and recycling in developing countries; (iii) the evaluation of possible repercussions on primary commodity producers of enhanced global re-use and recycling; and (iv) the evaluation of environmental costs of scrap trade and consumption and possible ways to internalize them. Regarding the third item, UNCTAD has published a study on the implications of enhanced recycling of ferrous scrap for iron-ore producing and exporting developing countries. As for item four, the first study on the socioeconomic and environmental effects of increased re-use and recycling of copper and ferrous scrap in Turkey is being prepared.

3. International commodity marketing and commodity price-risk management

60. Work on commodity marketing and risk management was mandated by governments at the UNCTAD VIII meeting in Cartagena, and has since been further focused through the meetings of the Group of Experts on Commodity Exchanges, which met in May and September 1993, and of the Ad-Hoc Group of Experts on Risk Management in Commodity Trade, convened at UNCTAD in October 1994.

61. The recommendations, proposals and decisions made by the two Groups of Experts and the various governmental meetings have laid the foundation for an integrated approach on modern commodity-marketing mechanisms, including risk management and advanced commodity-financing techniques. This approach encompasses a number of interrelated elements:

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[2] "Global Workshop on the Applicability of Decision II/12 of the Basel Convention", Dakar, 15-17 March 1995 and "Seminar on the Steel Industry and Recycling", Dusseldorf, 24-27 April 1995.

- the availability and proper functioning of marketing and risk-management systems. This covers such themes as the analysis of the functioning of the existing commodity exchanges, including the role of investment fund, and the promotion of regional or domestic exchanges.

- the legal and regulatory framework for the use of modern marketing mechanisms. This includes, in particular, issues such as the legal and regulatory conditions concerning ownership and trade of commodities, and the rules and regulations concerning currency convertibility and currency flows.

- the possibilities of commodity producers, consumers, processors and traders, as well as of their governments, to access commodity markets. These possibilities are influenced by factors internal to these entities (training, organizational capacities), as well as by external factors (existence and functioning of potential intermediaries, restrictive government policies, counterpart and sovereign risk obstacles).

- the risks of using risk management instruments: this embraces risks for companies (which may not be able to set up proper control structures), and risks for governments (companies can abuse risk-management instruments for purposes such as illicit capital exports, tax evasion, etc.).

62. It has not been possible yet to develop a technical cooperation programme which reflects this integrated approach because of the shortage of extrabudgetary funds. In 1994, activities for which funding was made available (in part through financing by project beneficiaries) consisted of training on the use of risk-management instruments and the control of such use in companies; training on collateralized finance; and work on the potential for and possibilities of commodity exchanges and new commodity contracts in the Asian region.

63. Under the UNCTAD/UNDP-funded regional project for Asia - ASIATRADE (RAS/92/034), a "regional workshop on commodity exchanges" was organized in Jakarta, Indonesia in May 1994, in cooperation with the Indonesian Commodity Exchange Board/Ministry of Trade. The primary function of the workshop was to strengthen the capacity of policy makers in the South-East Asian region to formulate policies in the face of their domestic policy changes as well as the rapidly evolving international market environment, in particular as concerns the growing need of economic actors in the region for commodity price-risk management instruments. The more than 60 participants and observers to the workshop included the principal officers of the main agricultural commodity-futures exchanges from India, Indonesia, Japan, Malaysia, Philippines and Singapore, as well as the United Kingdom and the United States, and senior policy-making officials of various ministries and regulatory organizations, high-level industry participants and risk management specialists from these countries, China and Thailand. The workshop, including the papers which had been prepared for it (partly in cooperation with the World Bank), created for the first time a forum for discussion and exchange of experience among the major countries in the region. As a result of the workshop, participants were able to improve their strategic planning as concerns commodity exchanges, and in particular see how their planning fitted into regional developments; in addition, several cooperative links were initiated between countries. Participants

expressed the hope that UNCTAD would be able to organize a follow-up meeting - China's Securities Regulatory Commission has since designated the China Futures Association to co-host such a workshop in China, if UNCTAD is in a position to do so.

64. Also, as part of the ASIATRADE project, a report was written on the viability of an internationally oriented pepper futures contract. This work responded to the need for more sophisticated marketing tools expressed through the International Pepper Community (IPC) by market participants. After discussion of the preliminary report in the twenty-second session of the IPC in Chiang Mai, Thailand in August 1994, governments decided to create a "Working group on pepper futures contracts" to discuss the implementation of the report's recommendations. Proposed contract specifications are being circulated to traders of IPC member countries and importing countries (the American Spice Trade Association has organized a subcommittee to evaluate the proposals), and at least one government has already decided to implement a number of follow-up actions on the basis of these recommendations.

65. As part of the project on international commodity marketing and commodity price-risk management (INT/93/A09), financed by the Government of the Netherlands, an analysis was undertaken of the price-risks to which Southern African oil and metals exporters and importers are exposed, and a manual was drafted on oil price-risk management. Work was also started on a manual on metals price-risk management, as well as on collateralized finance. These documents are to be used in seminars planned for 1995 for African countries.

66. Two other technical cooperation activities were financed entirely by beneficiaries. The first was a seminar, in May 1994, hosted and paid for the Kuala Lumpur Commodity Exchange. This seminar, oriented towards experienced commodity traders and risk managers, concerned advanced option strategies for commodity producers, processors and traders. The second activity concerned a seminar on company strategic and control issues, a theme which has always been high on UNCTAD's list of priorities, including during the period before the recent spate of company losses due to poor controls (e.g. Barings). The secretariat had produced a working paper on this issue, followed by a workshop held in Havana in July 1994 at the invitation of the Ministry of Foreign Trade of the Republic of Cuba, which also covered the mission costs. This workshop also included a number of sessions on collateralized commodity financing techniques. Participants in the workshop included trade and financial managers of the main Cuban commodity trading companies (both importing and exporting), as well as officials from the foreign trade bank and the Ministry of Foreign Trade.

B. Global Interdependence Division

1. Development finance and debt

(a) Debt Management

Development context

67. The scant attention paid by many developing countries to the performance of basic functions of debt management was one of the contributory factors leading to the debt crisis of the 1980s. Such basic functions include: (a) having accurate and up-to-date records of all external loans; (b) being fully aware of the timing and amounts of debt-servicing obligations; and (c) being able to project the impact of foreign borrowing decisions of various entities on the overall debt profile and balance of payments. To strengthen developing countries technical capacity to record, monitor and analyse their external debt, UNCTAD developed a technical cooperation package known as the Debt Management and Financial Analysis System (DMFAS). The core of this package is a computer-based debt-management system.

Objectives of the programme

68. To assist developing countries and countries in transition to:

- Develop appropriate administrative, institutional and legal structures for effective debt management;

- Establish an adequate information system, with detailed and aggregated data on loan contracts; past and future disbursements; and past and future debt-service payments;

- Improve national capacity to define and select appropriate debt strategies; and

- Improve national capacity to record grants and projects financed through external resources, thereby contributing to aid management.

Features

69. The assistance under this programme consists of three main features:

- Software designed to fulfil the operational, statistical and analytical needs of debt managers and those involved in elaborating external debt strategies. The latest version of the system has been developed using Oracle's relational database management system and its fourth generation programming tools.

- Advisory Services include needs assessments and advice on technical, administrative, legal and institutional debt-management issues, and assistance in software installation and maintenance.

- Training in the use of the software.

Cooperation with other organizations

70. Wherever possible, the DMFAS Programme promotes and participates in regional or subregional projects in support of its country activities and seeks collaboration and partnerships with existing international and regional organizations, who wish to support the efforts of their member countries in the area of debt management. Close cooperation is maintained with the World Bank and the Eastern and Southern African Initiative in Debt and Reserves Management (ESAIDARM) with whom it has signed Co-operative Agreements; discussions are well advanced to sign one with the Arab Monetary Fund. Contacts were also maintained with other regional organizations such as the Islamic Development Bank, the Central American Monetary Council, as well as the European Bank for Reconstruction and Development.

Activities

71. In 1994, activities were focused on the development of the new state-of-the-art software DMFAS 5.0, which will replace the current version 4.1 Plus, and will be released in 1995, as well as on the design and implementation of national and regional projects.[3] In addition, a number of needs assessment and demonstration, technical backstopping and 4.1 Plus installation missions were undertaken. In November/December, the beta testing of DMFAS 5.0 was successfully undertaken on a local network in the Debt Unit of the Ministry of Finance in Argentina.

Output/Results/Impact

72. The major output of the DMFAS Programme is a state-of-the-art standard debt-management software system, which is being used in an increasing number of countries. As an alternative, Ministries of Finance and Central Banks could develop their own system or contract an independent software house to build a tailor-made system, but experience has shown that this is not the best solution for them because they lack the technical capacity or because it is not cost-effective. Furthermore, through its technical cooperation services, the DMFAS Programme ensures optimal use of the system: to manage effectively the external debt with the DMFAS, particular attention is paid to the institutional, legal and administrative environment in which the system operates, thereby establishing sound debt-management procedures and practices.

73. The DMFAS has emerged as a key instrument in the management of the external debt of many countries and illustrates the impact that technical cooperation can make when it is aimed at critical, high-priority issues. There are several examples of efficient debt management systems and negotiations resulting from the DMFAS, which have led to important gains for the countries

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[3] See DMFAS Progress reports 1993 (UNCTAD/GID/DMA/16) and 1994 (UNCTAD/GID/DMFAS/MISC/5).

concerned. The debt-negotiating process has gained in efficiency as a consequence of improved information.[4]

74. The gains obtained from the DMFAS Programme by these countries are difficult to quantify. Better information, analysis, negotiations and policy-making cannot be measured. These gains far exceed the cost of the DMFAS project.

75. Furthermore, and as a minimum, DMFAS pays for itself by making debt-servicing procedures more efficient and by checking inconsistencies in the claims of creditor agencies. Substantial savings can also be made by avoiding unnecessary costs such as overpayments to creditors or penalty interest rates due to poor bookkeeping. In Argentina, for example, the savings made during the actual duration of the project amounts to around US$ 25 million.

76. Finally, and in order to illustrate the global impact of the DMFAS Programme, it has been calculated that the total debt outstanding and disbursed of the countries using the DMFAS is more than US$ 300 billion. In other words, more than US$ 300 billion of external liabilities are being managed with the DMFAS, which is estimated to have cost, so far, around US$ 14 million (excluding UNCTAD regular budget contribution), thus less than 0.004 per cent of the amount being managed.

Problems and solutions

77. Against a background of an expansion of its activities, the major problem facing the DMFAS Programme is its unstable financial situation. During the period 1991-1993, the UNDP almost entirely funded the programme. Due to its financial constraints, it had to withdraw its original commitments for 1995 and 1996.

78. Consequently, in September 1994, UNCTAD organized a donors' meeting with the objective to seek funding for the central operation of the DMFAS Programme in Geneva for 1995 and 1996 and to establish a close and continued partnership with interested donors. Following this meeting bilateral discussions took place. Denmark, Italy, the Netherlands, Norway, Switzerland and Sweden have contributed to the Programme and made it possible for UNCTAD to cover the costs of its central activities for 1995 and part of 1996. A global total of US$ 3.09 million has been contributed to the DMFAS Programme. Excluding the country project funding of the Swiss Government, US$ 1.9 million has already been made available for general and some specific central activities of the DMFAS Programme in 1995 and the first two months of 1996. UNCTAD will resume its bilateral discussions with existing and potential donors in order to raise the necessary funding for 1996.

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[4] Technical Co-operation: implementing the Cartagena Commitment. Report by Independent Consultants to the Trade and Development Board of UNCTAD. UNCTAD, Geneva, March 1994, TD/B/40(20)/14, p.14.

79. An independent review of the Programme will be undertaken before the summer of 1996; thereafter UNCTAD will organize a second DMFAS donors' meeting in order to review the future of the programme and its funding requirements for 1997 and beyond.

(b) Other activities

80. Under the project entitled "Strengthening debtor countries' capacity to reschedule official debt", financed by the Government of Italy, UNCTAD secretariat has provided technical assistance to Cameroon, Côte d'Ivoire, Kenya, Senegal, Niger and Sierra Leone in preparing for their Paris Club meetings.

81. Under the same project, UNCTAD organized in January 1994 a high-level policy seminar on strategies for Africa's official bilateral debt negotiations. The seminar gathered senior officials (mainly heads of debt departments) from Central Banks and Finance Ministries of 15 African countries, as well as experts and representatives from international organizations. The seminar made useful recommendations concerning the follows topics: (1) designing a comprehensive debt strategy and building a framework for effective debt management; (2) preparing for and negotiating at the Paris Club meeting; (3) bilateral negotiations with Paris Club creditors and non-OECD governments; (4) conversions; and (5) exchange of information.

82. As a follow-up to this seminar, UNCTAD has initiated work on debt owed by African countries to non-OECD officials creditors. This work is in the phase of research and consultations with creditors and debtors. The purpose will be to assess the problem of this debt and to stimulate discussions among debtors and creditors with a view to arriving at consistent solutions.

83. Under Phase II of project INT/91/A29 on a global system of tradeable carbon emission entitlements, funded by the Governments of Germany, the Netherlands, and Norway, four studies were carried out in 1994. These studies dealt with possible administrative structures and procedures for implementing a tradeable entitlement approach to controlling global warming, as well as model rules and regulations for the global market in CO_2 emissions (published in UNCTAD/GID/8); the analytical aspects of evaluating the national net costs of a global system of tradeable CO_2 entitlements (UNCTAD/GID/9); and the conceptual implications of joint implementation in the Framework Convention on Climate Change (UNCTAD/GID/10). These studies provided the basis for several expert group meetings, including two sessions of the CSD's Intercessional Working Group on Finance. They were also the main source of material for the preparation of a booklet on tradable CO_2 permits published by the UNCTAD secretariat in January 1995.

2. International monetary issues

Development context

84. The Group of Twenty-four, representing developing countries as a whole, in international monetary negotiations have requested assistance to strengthen their technical preparedness and

their ability to participate in and contribute to all phases of discussion and negotiations within the framework of the IMF and World Bank.

Objectives

85. To provide of technical support to the Group of Twenty-four in the form of technical studies/research papers relevant to the preparation of its negotiating positions on monetary and financial issues before the IMF's Interim Committee, the Joint IMF/IBRD Development Committee and other bodies.

Features

86. Publication of technical studies/research papers in volume form under the series "International Monetary and Financial Issues for the 1990s".

87. Convening of expert group meetings, as appropriate.

Cooperation with other organizations

88. Cooperation is maintained with the IMF and World Bank through the IMF/World Bank Interim and Development Committees' meetings and the G.24 Deputies and Ministers meetings.

Output/Results/Impact

89. There is now a steady flow of high-quality and policy-relevant research papers. These papers have been published in volume form under the series "International Monetary and Financial Issues for the 1990s. Six volumes have been published since 1992".[5]

90. On the occasion of the 50th anniversary of the Bretton Woods Conference, a three-day conference, sponsored by the Group of Twenty-four, was organized which provided an opportunity for developing country perspectives on international monetary and financial issues to be advanced. The proceedings of the conference are published in Volume IV of the above series.

Problems and solutions

91. Contributions from IDRC/Canada, Denmark, Netherlands, Norway and Sweden complement those of the G-24 Members themselves. Notwithstanding this support, which is much appreciated, there remains a need for continuous efforts to raise funds so that through the G-24 mechanisms, the project can make an effective contribution to discussions on international monetary issues.

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[5] International Monetary and Financial issues for the 1990s, Volumes I through VI (UNCTAD/GID/24/1-6).

C. International Trade Division

1. Follow-up to the Uruguay Round of Trade Negotiations

92. UNCTAD continues to be engaged in comprehensive technical cooperation activities by providing expertise in the area of multilateral trade to developing countries, including activities related to their effective utilization of the Uruguay Round agreements. Several governments of countries not contracting parties to GATT/WTO have sought UNCTAD's assistance on matters relating to their effective participation in the international trading system, including their accession to GATT/WTO. The broad objectives of the technical cooperation offered by UNCTAD have focused on the integration of developing countries in the international trading system through enhancing national policy development, strengthening negotiating capacities, institution building and improving human resources. These activities are multidisciplinary in that they represent a coherent response to complex interrelated issues in the areas of trade, services, technology, investment and development.

93. In this context, technical cooperation provides direct support to negotiation, enhances capacity-building to increase opportunities in trade in goods and services, accelerates the process of accession to the WTO, analyses the impact of the Uruguay Round on WTO members and non-members, undertakes policy analysis of new and emerging issues, explores regional options and assists in the technical aspects of negotiation of regional agreements. The expansion of regional trade and integration agreements is continuing, often building upon the achievements of the Uruguay Round, and involving, to a much greater extent, arrangements that include both developed and developing countries or developed countries and countries in transition. UNCTAD has been requested to assist developing countries and countries in transition to define their trade policies and strategies in this context, i.e. looking at both the multilateral and regional options, and to assist in the technical aspects of regional negotiations.

94. UNCTAD has cooperates with the relevant United Nations system organizations, as well as with a wide range of national, regional and global organizations in the public and private sectors. Activities that are undertaken at the country, regional and interregional levels at the request of developing countries and countries with economies in transition, include advisory services, training and the provision of information, data, software and equipment.

95. UNCTAD worked in association with GATT/WTO on specific projects of technical cooperation for which it has executive responsibility. This association has generally taken the form of inviting GATT/WTO to participate and make presentations at seminars and workshops and in advisory missions organized by UNCTAD. The two secretariats also exchange quantitative and other trade-related information on a regular basis to be used, inter alia, in the relevant UNCTAD databases.

96. Funding is provided by the beneficiary countries themselves, UNDP, bilateral donors, the European Commission, international financial institutions and foundations. Principal bilateral donors include Belgium, Denmark, Finland, France, Germany, Italy, Japan, Luxembourg,

Netherlands, Norway, Sweden, Switzerland, the United Kingdom and the United States of America.

97. Following the Marrakesh Ministerial meeting, the Trade and Development Board adopted several decisions[6] regarding technical cooperation from UNCTAD to facilitate and promote the effective participation of developing countries and countries in transition in the international trading system.

98. Since UNCTAD VIII, two new comprehensive programmes of technical cooperation, covering a considerably wider range of issues, have been operating for Asia and the Pacific and for Latin America and the Caribbean. The Asia and the Pacific Project on "Strengthening institutional capacities for multilateral trade" has been established with the aim of strengthening the research, analytical and institutional capacities for development and management of trade policy. This project provided technical support to developing countries from the region in the latter phase of the Uruguay Round and will continue to assist these countries in implementing the results of the Round. The project also contains components dealing with adjustment of domestic policies to integrate new multilateral norms and rules; development of technical skills in research and management of trade in services; relationship between trade and environment and management of natural resources; agenda for competition policy; development of regional strategy for multilateral trade negotiations; assessment of global trends in trade of particular concern to countries in the region; training in international commercial diplomacy and establishment of the institutional network for strengthening capacities for such training in the region, as well as the identification and analysis of possible issues for future trade negotiations.

99. The second project, LATINTRADE emerged as an initiative involving the concerted efforts of UNDP and UNCTAD with the participation of regional and subregional institutions. The overall objective of the programme is to enhance the national negotiating capacities of these countries to enable them to achieve a more effective participation in new multilateral trade agreements. The programme also includes components related to the post-Uruguay Round implementation issues, identification of new trading opportunities, trade and environment, trade in services, the regional trade information infrastructure and development of human resources for management and implementation of the agreements. Project activities in 1994 included broad dissemination exercises in different countries for a better understanding of the Uruguay Round Agreements at the national public opinion levels, as well as, in some cases, more precise identification of new trading opportunities for the private sector. In many instances, events organized were also designed to assist the process of ratification of the Agreements. A list of activities is presented in annex table IX.

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[6] Second part of fortieth session of the Trade and Development Board (April 1994), Agreed Conclusions 410(XL) on the Uruguay Round, paragraphs 9, 11(e); and First Part of 41th Session (September 1994), Agreed Conclusions (419 (XLI), paragraphs 5 to 7.

100. Several observations can be made based on the experience gained from carrying out these activities: (i) the weakness in the state of preparations at the level of capitals to embark on the complex exercise of participation in the World Trade Organization and of the management and implementation of the agreements at the national level; (ii) the need to develop human resources, both as managers and administrators in capitals and as negotiators, to contribute effectively to countries' participation in the WTO; (iii) the importance of coordinating and, in general, working together with the GATT/WTO secretariat on these activities; (iv) the scarcity of available resources - mainly financial - to continue technical cooperation activities in the framework of LATINTRADE, at a time when this cooperation is vitally needed; (v) the need to approach different sources of funding and to explore new modalities for the delivery of technical cooperation services to countries in the region, including the transfer of the project's coordination activities to the region; and (vi) the necessity to look ahead to the new trade agenda that is likely to become the subject of negotiations in the WTO.

101. UNCTAD, in collaboration with WTO, ITC, UNECA and UNDP is in the process of preparing project proposals intended to address African countries' specific needs[7] as elaborated in the Tunis Framework for Action.[8] In particular, the project will aim at: (i) supporting African countries in evaluating and reviewing the implications of the Uruguay Round; (ii) contributing to strengthening the negotiating capacity of African countries in trade negotiations; and (iii) addressing broader policy issues and identifying technical cooperation needs deriving from the impact of the Uruguay Round with a view to increasing the participation of African countries in international trade, and particularly, to taking full advantage of the Uruguay Round results. Moreover, ITC, UNCTAD and WTO are formulating a coordinated programme of technical cooperation for African countries to assist them in the implementation of the Uruguay Round accords. UNCTAD has also provided assistance to two of the seven African countries that are seeking accession to the WTO.

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[7] It should be noted that the Conference of African Ministers of Trade held in Tunis in October 1993, in its resolution on the Uruguay Round of Multilateral Trade Negotiations requesting UNCTAD's technical assistance in the implementation of the Uruguay Round results, underlined three aims to be achieved by a post-Uruguay Round programme of assistance to African countries:

(a) assisting African countries in the implementation of the Uruguay Round results;
(b) strengthening African countries trading capacity and competitiveness in order to take advantage of trade opportunities arising from multilateral trade liberalization;
(c) assisting African countries to be better prepared for future trade negotiations envisaged in some of the Uruguay Round agreements and in defining the objectives of and participation in the negotiations of a new trade agenda.

[8] Following the conclusion of the Uruguay Round, African Trade Ministers met in Tunis, in October 1994, at the "International Conference on the Uruguay Round of Multilateral Trade Negotiations and the African Economies" during which they identified the priority technical cooperation needs in the post-Uruguay Round phase. The Ministers called upon all the relevant international organizations and agencies, including UNCTAD, to formulate programmes of assistance as a matter of priority and within their respective mandates oriented to the identified technical cooperation requirements contained in the "Framework for Action" document adopted by the Conference. UNCTAD provided substantive and organizational support to the Conference which was convened by the UNECA.

102. While there still appears to be a great demand in the region for dissemination of the Uruguay Round results, there is also an urgent need to undertake country-level assessment of the Uruguay Round Agreements. This is important for individual countries to enable them to assess in detail the implication and opportunities to be derived from the Uruguay Round. In this regard, UNCTAD, within the framework of the ITC/UNCTAD technical cooperation programme and through bilateral donor support, will be responding to this need expressed by a number of African countries.

103. Recently, a new project has been established to provide similar assistance to Arab countries in the post-Uruguay Round trading system, which takes into account the fact that some Arab countries have only very recently become contracting parties to GATT/WTO or are still in the process of accession. This project emphasizes country-specific and sector-specific issues. The objective of the project is to strengthen institutional and managerial capacities in trade and trade-related policy development for the expansion of intra-Arab trade at subregional and regional levels and of exports outside the region; to develop analytical and research capabilities; to enable countries to pursue the adjustment of domestic trade and trade-related policies (including investment and privatization), to stimulate export-oriented growth particularly to meet demand in the Arab region; to formulate recommendations on the trade and trade-related policy reforms; and to enhance negotiating capabilities in bilateral, regional and multilateral trade relations. Under this Project, a symposium on the evaluation of the implication of the Uruguay Round for Arab countries was held in Casablanca in November 1994 and advisory missions have been sent to the Sudan, the Libyan Arab Jamahiriya and Morocco.

104. UNCTAD is also executing projects for individual countries, such as China and the Russian Federation, dealing with matters linked to their participation in the international trading system. The purpose of such national projects is: (i) to support the country in question to participate more effectively in the international trading system and in trade negotiations; (ii) to assess the impact of the Uruguay Round and identify the trading opportunities arising from multilateral trade liberalization; (iii) to identify barriers to trade in goods and services and the means of eliminating such barriers through international negotiations; (iv) to strengthen effectively the service sector's support to the competitiveness of the manufacturing and agriculture sectors, and the service sector itself with a view to developing a strategy towards this end; (v) to strengthen the negotiating capacity of officials in trade negotiations and assist national trade officials in elaborating optimal approaches to the WTO accession process with a view to achieving balanced terms of accession; and (vi) national institution-building for improving frameworks for trade policy formulation, negotiations, research and trade information.

105. The projects are designed to assist the relevant government authorities through: (a) undertaking training programmes for trade officials; (b) preparation of studies; (c) organization of seminars and workshops; (d) providing advice in policy formulation with respect to trade and development of service sectors; (e) developing a trade database for both goods and services; and (f) diffusion of trade policy information. Similar projects are being executed for Belarus and the Dominican Republic. A number of other requests have been received for technical assistance from, e.g. Lebanon, Ukraine, Uzbekistan, Azerbaijan. In addition, developing countries that are already members of the WTO are seeking similar assistance from UNCTAD.

2. Relationship between trade and the environment

106. As described in reports TD/B/WP/84 and TD/B/WG.6/Misc.1, UNCTAD's technical cooperation in the area of trade and environment has the following objectives: (i) to assist in increasing awareness and understanding of the complex linkages between trade, environment and development through policy-oriented studies, workshops and seminars; (ii) to contribute to building institutional capacity in developing countries and countries in transition to examine the trade and environment interface; (iii) to conduct analysis and to provide information to policy-makers; (iv) to support the effective participation of developing countries in deliberations in the relevant international forums; and (v) to support a dialogue between trade, environmental and developmental communities. This section updates the information provided in TD/B/WG.6/84, paragraphs 81-91.

107. The technical cooperation activities, which are closely linked with the work carried out at the intergovernmental level, are as follows:

(a) Policy-oriented studies

108. Under the joint UNCTAD/UNDP project on "Reconciliation of environmental and trade policies" (INT/92/207), research institutes in developing countries[9] are analysing country-specific experiences in order to better understand trade and environment linkages. In addition, a number of country case studies are being undertaken jointly with UNEP under the project "Capacity-building on trade and environment" (INT/93/A48).

109. The following countries are participating in the programme: **Africa** (Cameroon, Egypt, Uganda and Zimbabwe); **Asia** (China, India, Indonesia, Malaysia, Philippines, Thailand and Viet Nam); **Latin America** (Argentina, Brazil, Chile, Colombia, Costa Rica and Jamaica); and in other regions (Poland and Turkey). To date, draft studies have been completed by the teams in Argentina, Brazil, China, Colombia, India, Malaysia, Philippines, Poland, Thailand, Turkey and Zimbabwe.

110. A synthesis report of seven studies[10] was discussed at a workshop, held in Geneva on 31 October and 1 November 1994 and also at a joint UNCTAD/UNDP Round Table of experts, held in New York on 10-11 April, 1995.

111. UNCTAD's technical cooperation projects have also focused on policy-oriented research on the possible effects of eco-labelling on developing countries, as well as on conceptual work on possible ways and means to increase the compatibility between the environmental objectives of

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[9] For a list of research institutes see Annex III of TD/B/WG.6/Misc.1.

[10] Markandya, A. Reconciliation of Environmental and Trade Policies: Synthesis of Country Case Studies, UNCTAD, Geneva.

eco-labelling and the trade and sustainable development interests of developing countries. This work has been supported by the International Development Research Centre (IDRC) in Canada (INT/92/A50), as well as by the Government of the Netherlands (INT/92/A06). In parallel with the project activities implemented by UNCTAD, IDRC has funded a study undertaken by the Centre for Trade Policy and Law of the Carleton University on Canada's Environmental Choice Programme and its impact on trade in developing countries.

112. A large number of papers were presented to the UNCTAD Workshop on Eco-labelling and International Trade (Geneva, 28-29 June 1994), which will be published in book form. The IDRC funded a project on "eco-labelling and international trade", which has now been completed. UNCTAD continues to cooperate on ecolabelling with other international organizations, including UNEP and ITC.

113. As part of the UNCTAD/UNDP project, a number of thematic studies have been undertaken. Draft studies have been completed on linkages between trade and environment policies in the Netherlands/European Union, Japan and the United States. Two studies on the factors determining markets for environmentally sound technologies and mechanisms for facilitating their development and transfer have also been undertaken.

114. Other studies are envisaged, among them one on Multilateral Environmental Agreements (MEAs). The study, which will also involve UNEP, will analyse the possible effects of rights and obligations under MEAs on trade and development prospects of developing countries. With regard to other thematic studies, the following topics are considered for further analysis (i) the use of economic instruments for environmental purposes in developing countries; and (ii) the differential impact of environmental policies, standards and regulations on small and large firms.

(b) Workshops and seminars

115. Regional and national workshops or seminars, and other activities have been undertaken under the "trade and environment" components of UNDP-financed regional projects for Asia and the Pacific (Project RAS/92/034), and for Latin America and the Caribbean, LATINTRADE (Project RLA/92/012), which are implemented by UNCTAD.

(i) A subregional seminar for South Asian countries and a national workshop on trade and environment linkages in India were held in New Delhi in January 1994. Papers from regional and national experts were invited to this meeting and the proceedings of the workshop will be compiled in a book which is to be published shortly. A high-level brainstorming session on Post-Uruguay Round Issues, including Trade and Environment, was held in Kuala Lumpur, Malaysia, from 5 - 7 September 1994.

(ii) An UNCTAD/SELA regional seminar on trade and environment and a national workshop for Colombia were hosted by the Government of Colombia, in Bogotá in October 1993. The papers presented at the seminar are included in a joint UNCTAD/SELA publication entitled "Trade and Environment, International Debate". A second joint UNCTAD/SELA seminar, hosted

by SELA, was held in Caracas in July 1995. The proceedings of this seminar will also be published. National seminars were held in Havana and Caracas, also in July 1995.

116. UNCTAD has been cooperating with the ASEAN secretariat in a UNDP-funded regional project on Trade and Environment (RAS/94/290) which includes country-specific case studies. UNCTAD provided resource persons for seminars in four ASEAN countries, and participated in an inception meeting in Jakarta (May 1995). Country case studies on Malaysia, Philippines and Thailand build on the studies undertaken under the UNCTAD/UNDP project.

117. UNCTAD staff have participated in a number of other seminars and expert groups, including meetings organized by IDRC and the Development Assistance Committee of the OECD. Such participation has been useful for the coordination of activities and for strengthening cooperation in the implementation of technical cooperation projects.

(c) Training seminars

118. The UNCTAD secretariat, as part of its technical cooperation programme, has been organizing training and capacity-building seminars to address the linkages between trade, environment and development, aided by presentations, background documents, an exchange of information and views concerning country-specific experiences, as well as group discussions. The purpose of the seminars is to build awareness on trade and environment interlinkages, and to understand how these interlinkages interface with the development aspirations of developing countries. The seminars may help negotiators to take more informed positions in international deliberations on trade and environment. At the national level, information from the seminars will enable countries to gather information and establish contacts that will assist them in the analysis of trade and environmental linkages.

119. A course was held in New Delhi, hosted by the Indian Institute for Foreign Trade (IIFT), from 24-25 January 1994. UNEP has contributed to further improvement of the training package presented at the course, as well as to the organization of other workshops. A seminar for African countries, hosted by UNEP in Nairobi from 26-29 July 1994, was attended by 45 participants from 33 countries. The secretariats of GATT, UNCTAD, UNDP and UNEP provided resource persons.

120. Training materials will be further improved and published as part of a project on "Environmental factors and trading opportunities" (INT/95/A58) funded by the Government of Italy.

(d) Dissemination of information

121. Lack of precise and timely information on environmental standards and regulations in the major markets create problems to exporters in developing countries. Dissemination of information, technical assistance and technical cooperation are important, particularly when there may be a negative trade impact of such measures. In this context, the Ad Hoc Working Group on Trading

Opportunities for Developing Countries,[11] stressed the important and complementary roles of UNCTAD and ITC in information dissemination and technical assistance for exploiting the new trading opportunities arising from environmental concerns (UNCTAD at the intergovernmental and policy level and ITC at the operational level)., UNCTAD and ITC will further strengthen their cooperation in technical cooperation in the field of trade and environment.

122. UNCTAD is undertaking an analysis of product-related environmental measures applied in the European Union and its member States, as well as in North America, and will link these measures, to the fullest extent possible, to classification systems of traded products. This project is supported by the Collaborative Research on the Economics of Environment and Development, CREED (INT/92/A06). Similar work, focusing on trade measures in the framework of MEAs and national measures affecting products of export interest to ASEAN countries, is being undertaken under project RAS/94/290, implemented by the ASEAN secretariat.

123. The secretariat is further developing GREENTRADE, which is a computerized information system that allows encoding and retrieval of information on environmental product concerns and measures, using a personal computer. A pilot version of the system and a user's manual, have been prepared. GREENTRADE will become part of UNCTAD's TRAINS system. Further work will be undertaken as part of project INT/95/A58.

(c) Expected benefits

124. The expected benefits from the programme can be analysed at different levels. As far as the understanding of trade and environment linkages is concerned, the programme will generate data and specific examples from a range of countries and will shed light on particular trade and environment matters, which take the special conditions and development requirements of developing countries into account. The programme will also help to ensure that issues relating to trade and environment are considered in the broader context of coordinated and coherent policies to build sustainable development.

125. With regard to policy-making at the national level, the programme, in particular the training and capacity-building activities, will assist developing countries in drawing conclusions on measures that can be taken to integrate trade and environment concerns. The information and analysis generated under the programme will also assist developing countries in preparing their contributions to international deliberations and negotiations on trade and environment-related matters. In addition, the awareness of the environmental requirements of the major markets may also help developing countries in framing domestic policies and will increase their ability to anticipate changes in consumer preferences in those markets, thereby helping exporters to maintain or, if possible, improve their competitive positions.

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[11] UNCTAD, Final Report of the Ad Hoc Working Group on Expansion of Trading Opportunities for Developing Countries, TD/B/41(1)/7 and TD/B/WG.4/15, 5 August 1994, Geneva.

126. At the national policy level at the OECD countries, the programme can contribute to a better understanding of the effects of environmental policies, standards and regulations on developing countries and can indicate ways and means to avoid or mitigate adverse effects on them. It can also lead to a better understanding of the constraints faced by developing countries in implementing more stringent environmental requirements and to indicate measures that alleviate some of these constraints in developing countries.

(f) Evaluation and future activities

127. The scope and methodology of future studies were discussed at the above-mentioned expert meetings held in Geneva and New York, and was also discussed at the second session of the Ad Hoc Working group on Trade, Environment and Development. It has been suggested that following the first round of studies, the terms of reference which had deliberately been broad and flexible, future studies could be focused on more specific issues, following a common methodology. It has also been suggested that it would be useful to include a number of themes which hitherto have not been addressed in a comprehensive manner, in particular (i) the applicability in developing countries and countries with economies in transition of economic instruments, including taxes and charges, for environmental purposes; (ii) the differential effects of environmental policies, standards and regulations on small and medium-size firms (SMEs) versus large firms; (iii) developing countries' concerns and experiences with developed countries' exports of domestically prohibited goods (DPGs); and (iv) the effects of trade restrictions, and the elimination of trade-distortive measures (e.g. quantitative restrictions, tariff escalation or subsidies) on the environment. It has also been suggested that further policy analysis could be undertaken at a sectoral, cross-country basis.

128. It has also been suggested that technical cooperation should increasingly focus on providing support to the effective participation of developing countries in multilateral deliberations, in particular in the WTO Committee on Trade and Environment.

3. Control of Restrictive Business Practices

129. The Intergovernmental Group of Experts on Restrictive Business Practices on its twelfth session held from 18 - 22 October 1993, in its Agreed Conclusions, requested the UNCTAD secretariat to continue to provide, upon request and within available resources, technical assistance, advisory and training services in the area of competition policy to developing countries and to countries in transition. The year 1994 witnessed a sizeable increase in the number of technical assistance activities culminating in eight national seminars, one subregional seminar, one regional seminar and a seminar organized jointly by the World Bank and UNCTAD. The national seminars were held in Malaysia, China, Trinidad and Tobago, the Philippines, the Dominican Republic, Nicaragua, El Salvador and Peru. The subregional seminar was held in Costa Rica at which Guatemala and Honduras participated. The regional seminar was held in Fiji for the FORUM countries: Cook Islands, Fiji, Kiribati, Papua New Guinea, Solomon Islands, Tonga and Samoa. The joint World Bank/UNCTAD Conference on Competition Policy and International Trade was held in Colombia, with the participation of the officials from Chile, Colombia, Peru, Venezuela and Mexico.

130. These activities attracted a number of experts from both developed and developing countries with experience and knowledge in the field of Competition Law and Policy. These experts came from the following countries: Australia, Norway and Pakistan (for the national seminar held in Malaysia); Australia, Norway and New Zealand (for the regional seminar held in Fiji); the Federal Republic of Germany and the United Kingdom (for the two national seminars held in China); the United States and the European Union (for the World Bank/UNCTAD Conference held in Colombia); Norway (for the subregional seminar held in Jamaica); Jamaica and Norway (for the national seminar held in Trinidad and Tobago), the Federal Republic of Germany (for the national seminar held in the Philippines); Norway and Venezuela (for the national seminars held in the Dominican Republic and Costa Rica); Norway (for the national seminars held in Nicaragua and El Salvador) and the Federal Republic of Germany (for the national seminar held in Peru).

131. The thrust of these seminars was as follows: for countries having no previous experience with competition policy, a general introduction to the subject; for those willing to adopt competition legislation, advisory services and presentation of different legislative approaches from experts of countries experienced in this area; and for countries having recently adopted legislation: training of officials responsible for the control of Restrictive Business Practices (RBPs) and exchange of experiences with competition authorities in more experienced countries in this field. Funding was provided mainly from voluntary contributions to the UNCTAD Restrictive Business Practices Trust Fund by individual countries, especially Norway. The seminars held in Asia and the Pacific were financed from the UNDP project: "Regional Programme for Strengthening Capacities for Growth through Trade and Investment".

4. Trade policies and trade expansion

132. UNCTAD continued to assist developing countries and countries in transition with the formulation and implementation of trade-policy reforms in line with the recommendations of the Cartagena Commitment and the Trade and Development Board.

133. Assistance to developing countries in the operation of export-processing free zones (EPZs) has continued. Under an UNCTAD/UNDP project, support is being provided to the Government of Kenya in order to strengthen the operational and promotional capacities of the Kenyan Export Processing Zones Authority (EPZA). The comprehensive training programme, which has been developed for EPZA professional staff, consists of three main elements: international training through structural courses, study tours of EPZs and local training to increase professional and managerial skills. Forty-one professional staff members received training under this programme in 1994. Furthermore, assistance has been provided with promotional activities aimed to attract foreign investors to the Kenyan EPZs. The major constraint has been the absence of a long-range budget to sustain a promotional programme on a longer-term basis.

134. The project "Apoyo al desarrollo del comercio exterior e inversiones de Nicaragua" NIC/93/003 was terminated on 31 March 1994 and formally replaced by the project NIC/94/027 for a period of one year, as of 1 April 1994 until 31 March 1995. This project benefited from external financing shared by the Government of Sweden and UNDP. The project continued as a government-executed project, with ITC, UNIDO and UNCTAD associated in its implementation.

UNCTAD technical cooperation carried out in 1994 under this project made an important contribution to the formulation and implementation of Nicaragua's trade policies oriented to support the external sector.

135. Further progress was made during the year on the UNCTAD implemented component of the project to support trade policy and export promotion in the Syrian Arab Republic (SYR/92/007) executed by the ITC. An advisory mission visited Syria and held consultations with various competent authorities, both in the public and private sectors, in order to identify the most urgent needs of the country in the field of trade policy. Based on the outcome of this mission, a preliminary report containing various alternatives and options has been prepared by a high-level expert to serve as a main document for reviewing the Syrian trade policy during a round table scheduled to take place in Syria late in 1995 or the beginning of 1996.

136. In addition, various UNCTAD missions visited Syria to advise on several issues, including trade facilitation, the development of the textile sector and TRAINFORTRADE programmes on the single European market and trade policy.

137. In 1994, UNCTAD prepared, with the support of UNDP and in cooperation with ITC, ECE, the Executive Secretariat of the Commonwealth of Independent States (CIS) and the CIS Interstate Economic Committee, a regional workshop on the development of intra-CIS trade and strengthening of external trade capacities of CIS and Baltic States (Project: RER/94/005/A/01/40). The objectives of the Workshop were to address the problems of declining regional trade, which seriously affected production, employment and growth, to identify policy responses for the expansion of trade, payments and enterprise cooperation in the region, while at the same time progressing with their integration into the European and international economy. A major objective of the Workshop was to assess, together with representatives of donor agencies and countries and in the light of the ongoing technical cooperation, the needs and potential for international support in the above areas. The Workshop took place from 9 to 12 January 1995 in Chisinau, Moldova.

138. From 13 to 20 December 1994, a Business Week on trade and economic cooperation between Egypt and selected Central and East European countries, as well as selected CIS countries, was held in Cairo, Egypt. The project (EGY/92/A36) was financed by Egypt. The executing agency was UNCTAD, acting in close collaboration with the Egyptian Ministries of Foreign Affairs, Economy and Foreign Trade, UNDP and ITC. A number of other Egyptian organizations, inter alia, the Federation of Egyptian Industries, the Federation of Egyptian Chambers of Commerce and others participated in the preparation and conducting of the meeting.

139. The Business Week addressed the current situation of trade and economic relations between Egypt and Central and East European and CIS countries, which is characterized by the continuous and sharp decline in mutual trade transactions. The major aim of the meeting was to stimulate direct contacts between businessmen of the above countries. The total number of participants was 502 (mostly businessmen), about half of whom were from: Armenia, Azerbaijan, Bulgaria, Croatia, the Czech Republic, Hungary, Kazakhstan, Poland, Romania, the Russian Federation, Slovakia, Ukraine and Uzbekistan. There were 249 participants from Egypt. In just the first two days of the Business Week, some 1,000 business contacts are reported to have taken place. The

participants recommended that other Business Weeks be held frequently to stimulate potential business opportunities and economic cooperation.

5. Generalized system of preferences and other trade laws

140. UNCTAD's Technical Cooperation Programme on the Generalized System of Preferences (GSP) and Other Trade Laws aims at promoting maximum utilization of the GSP, by providing exporters/manufacturers with information on the major trade laws regulating market-access conditions in preference-giving countries. The Programme provides for training activities, such as seminars and workshops, at both national and regional levels and advisory services at the national level. Advisory services aim at strengthening or establishing GSP focal points or are directed at solving specific problems in GSP utilization encountered at the national level. In response to requests from beneficiary countries, national seminars and workshops on GSP and other trade laws, such as rules of origin, anti-dumping procedures and regional agreements, constitute the Programme's main activities and are directed at actual and potential GSP users (exporters, manufacturers), who make up the majority of participants. These activities include at least a half-day of product-specific consultations with interested participants. The Programme also provides an information service responding to written inquiries from government officials, exporters and importers throughout the world. It also disseminates up-to-date information on the GSP and other trade laws in the form of handbooks.

141. From its inception in 1984, the Programme has been funded by voluntary bilateral and multilateral contributions from member States of UNCTAD. In 1993-1994, China, Italy, Japan, Norway, Switzerland and UNDP contributed to the Programme. As a result, more than 366 government officials and participants from the private sector benefited from 13 training activities in all regions of the world. Special attention was paid to low- and middle-income countries, least developed countries and, more recently, to countries in the Mediterranean region in implementing the Programme's activities. In particular, the Programme organized a regional seminar on GSP and other trade laws for low- and middle-income Asian developing countries and a series of advisory missions and national seminars for specific countries in the same region. In order to meet requests on specific issues made by governments, national workshops were organized on rules of origin and anti-dumping laws. Activities were also held in South America, the Mediterranean region and Eastern Europe. In this latter context, regional trade agreements were included in the work programmes. The activities carried out in the low-income countries in Asia have contributed to the establishment of GSP focal points in Cambodia and Lao People's Democratic Republic. Follow-up activities involved primarily the provision of the UNCTAD computer software system entitled "Trade Analysis and Information System" (TRAINS) and regular contacts aimed at solving specific problems encountered in GSP utilization.

142. Overall, the output of the Programme has shown a certain diversification from traditional GSP activities to include other trade laws related to market access and trading opportunities. Thus, a handbook on Mediterranean agreements has been elaborated by the Programme to cover issues of major concern to the targeted countries. In addition, the Programme is considering updating all GSP and other trade laws handbooks following the conclusion of the Uruguay Round.

143. The Programme continued its collaboration with ESCAP through the regional office established under Project RAS/92/034 "UNDP/UNCTAD Regional Project of the Asian and Pacific Governments "Institutional Policies for Multilateral Trade".

144. In spite of financial constraints, the Programme has proved to be a valid and effective mechanism for expansion of developing countries' trade. The Second Ad Hoc Expert Group Meeting on the GSP, held in May 1995, recognized that the Programme was useful and should be continued.[12] The Group was satisfied that the Programme had implemented the actions recommended by the First Ad Hoc Expert Group Meeting, such as cost-sharing and emphasis on rules of origin and trade laws. It further recommended that:

"(a) The Programme should revise as a matter of priority the present handbooks on individual GSP schemes and other trade laws to reflect changes resulting from the implementation of the Uruguay Round Agreements;

(b) In carrying out its activities, the Programme should put more emphasis on national seminars/workshops which provided a better opportunity for direct contacts with actual and potential GSP users; and

(c) The Programme should consider other possibilities of providing technical assistance, such as South-South cooperation or a technical cooperation among developing countries (TCDC) element, and use of trade points to disseminate GSP information."[13]

145. The demand for the Programme's training activities continued to grow as many schemes have been revised to reflect the Uruguay Round agreements and fresh orientations are needed. As a result of new trade laws subsequent to the Uruguay Round agreements, the Programme has been requested to put more emphasis on these related aspects. Low- and middle-income beneficiaries, including LDCs, have gradually gained export-supply capabilities, and have begun to match the product coverage of the schemes. They accordingly seek to take advantage of GSP benefits. Thus, continued support to the Programme is required in order to respond to the backlog of requests and future demand.

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[12] See Report of the Second Ad Hoc Expert Group on the generalized system of preferences, TD/B/SCP/15.

[13] Ibid.

D. Division for Transnational Corporations and Investment and Division for Science and Technology

146. **Transnational Corporations and Science and Technology**. In March 1994, the former Programme on Transnational Corporations (TNCs) was renamed the Division for Transnational Corporations and Investment (DTCI), thereby effecting its full integration into UNCTAD's institutional framework. The technical assistance activities of DTCI were subsequently merged with those of UNCTAD's Division for Science and Technology (DST) to form the Advisory Services on Investment and Technology (ASIT). In addition to outlining the technical cooperation activities undertaken by DTCI and DST under the ASIT umbrella (all ASIT-executed programmes have been marked with an asterisk), the following discussion also describes the technical assistance activities undertaken directly by other units of DTCI and DST.

147. **Funding arrangements and cooperation with other organizations.** DST's technical cooperation activities in recent years have been financed mainly by voluntary contributions from individual donor countries and partly by UNDP. DTCI's technical assistance programme partially relies on a trust fund that is made up of contributions of individual donor countries. The trust fund allows for a high degree of flexibility, particularly in responding to urgent requests by least developed countries, and makes it possible to support a team of specialized interregional advisors. This gives the ASIT considerable in-house expertise, further enhancing its ability to react swiftly and professionally to requests for technical assistance. While the trust fund plays an important role in enhancing the ability of UNCTAD to respond quickly to requests from beneficiary countries, the majority of activities outlined below were funded by UNDP. In both divisions, a number of technical cooperation activities were undertaken in collaboration with other United Nations agencies, such as regional commissions, UNIDO and the World Bank. Where relevant, the discussion below will make specific reference to cooperation with other organizations.

148. **Problems.** The transfer of both the Centre on Transnational Corporations and the Centre for Science and Technology for Development from New York to Geneva, and their integration within the framework of UNCTAD, entailed a reduction of staff and extrabudgetary resources. These factors had an adverse impact on the performance of the Division's technical assistance programme when compared with previous years. Although performance improved substantially during the reporting period, a number of factors continue to pose problems. For example, due to the at times erratic nature of technical assistance requests which may necessitate the finalization of travel and contractual arrangements at very short notice, required administrative lead times can occasionally impair flexibility. Furthermore, the programme on transnational corporation no longer has access to the same proportionate share of support costs as it had in New York. Where relevant, the discussion below will make specific reference to problems that have been encountered in the implementation of ASIT's technical assistance programmes.

1. Privatization and enterprise development

149. Under the auspices of the Italian funded project, "rationalisation of trade-related public enterprises in low-income countries" (INT/89/A25), the following activities were undertaken.

(a) Etude de faisabilité pour la mise en place d'une branche d'assurance-caution à l'ASACE

150. Following consultations held in November 1993 with the Senegalese authorities, it was agreed to continue the assistance to the Agence Sénégalais d'Assurance pour le Commerce Extérieur (ASACE) and to support related privatization efforts by commissioning a study on product diversification options available to ASACE. This was based on the strong belief by the management of ASACE that an additional component of "deposit insurance" would greatly enhance the relevance of ASACE for Senegalese enterprises, particularly in the export sector. By the same token, a new product was also expected to improve the commercial viability of ASACE and thus facilitate its privatization in the near term. The preparation and the implementation of both these activities did not raise any special problems.

151. The output of this activity (a study entitled "Etude de faisabilité pour la mise en place d'une branche d'assurance-caution à l'ASACE") has been made available to ASACE.

(b) National Privatization Seminar, Addis Ababa, Ethiopia, 6 - 8 December 1994

152. This technical cooperation activity was a direct consequence of the work of the UNCTAD Ad Hoc Working Group on Comparative Experiences with Privatization. The discussions at the four sessions of the Working Group emphasized that, over the past decade, privatization had become a widely accepted instrument for improving the efficiency of various economic sectors. For many developing countries, it had also become an important tool for attracting foreign investment and mobilizing domestic resources for development. In view of the complexity of the privatization process and of its profound consequences for the role of the State and the well-being of its citizens, it was particularly important that policy-makers should be aware of the potential benefits and negative impacts of privatization and, more importantly, of the countervailing measures and policy options available when designing privatization programmes.

153. At the request of the Government of Ethiopia, UNCTAD organized a 3-day policy seminar for more than 30 participants from various government departments and academic institutions involved in the formulation of privatization policies, including officials of the Privatization Agency of Ethiopia, the Office of the Prime Minister, several Ministries (Finance, Trade, Foreign Affairs Justice) and the Ethiopian Management Institute, as well as top executives from public enterprises. The Seminar provided an opportunity to disseminate the results of the work of the Ad Hoc Working Group on Comparative Experiences with Privatization, as well as the wealth of information on country examples of privatization and enterprise reform generated by it, and to respond to concrete issues related to privatization within the specific context of the economic situation of Ethiopia.

154. The Seminar benefited from inputs provided by USAID which sponsored an expert from Price Waterhouse who acted as a resource person concerning privatization experiences in African countries. Local staff from both the Embassy of Italy and from USAID also participated in the Seminar.

155. The preparation and the implementation of both these activities did not raise any special problems.

2. FORINVEST: Policy Framework for Attracting Foreign Investment *

156. **Development context.** More and more developing countries are seeking investment by transnational corporations. The objectives are many: external capital/foreign exchange, exports, employment and training, technology and management and marketing skills.

157. **Objectives.** To assist developing countries in strengthening their capacity to create and manage the policy and conditions in which foreign investment and international business can thrive.

158. **Features.** FORINVEST provides advisory services and training packages related to: investment policy, investment codes, sectoral policies governing the participation of transnational corporations in specific sectors, mechanisms for attracting investment including investment promotion institutions, administrative procedures, and access to global market information.

159. **Outputs/results.** During the reporting period, components of the FORINVEST programme were implemented in the following countries: Albania, Algeria, Belarus, Burundi, China, Colombia, Ethiopia, Eritrea, Ghana, Jordan, Kazakhstan, Lebanon, Lithuania, Palestine, Romania, Russian Federation, South Africa, Ukraine, United Arab Emirates and Uzbekistan. The following cases exemplify how the programme was implemented:

- **Albania**: The Government of Albania received assistance in the computerization of the Albanian Centre for Foreign Investment Promotion (ACFIP). Senior ACFIP staff participated in the following activities: (i) the Third Annual Conference and Business Forum on "Opportunities for Trade and Investment in the Black Sea States, Turkey and Central Asia", which was held in Turkey, and (ii) the Madrid Conference on "Foreign Investment Strategies of European Companies" which was organized by the Multilateral Investment Guarantee Agency of the World Bank Group. Furthermore, a promotional brochure for foreign investment in Albania, of which 3,000 copies have been printed, was prepared.

- **Lebanon:** At the request of the Government of Lebanon, comprehensive advice on the restructuring of the insurance sector, restrictive business practices, intellectual property rights and guidelines for the revision of all legislation and regulations governing foreign investment was provided. Recommendations concerning the creation and reorganization of relevant institutions were also made.

- **Uzbekistan:** An Investment Round Table was organized in Uzbekistan, bringing together approximately 100 representatives of governments, investment promotion agencies and private sector companies from the following countries: China, India, Korea, Malaysia, Pakistan, Philippines, Thailand, Turkey, and, of course, Uzbekistan. The central themes of the Round Table were the development of strategies to promote foreign direct investment in Uzbekistan and how economic cooperation among countries in the region could assist in realizing this objective.

3. EFDITS: Expansion of Foreign Direct Investment and Trade in Services

160. **Development context.** The project on Expansion of Foreign Direct Investment and Trade in Services (EFDITS) responds to a growing demand from developing countries to receive technical assistance in the area of service investment and trade liberalization and seeks to answer the following questions: What price do developing countries pay for inefficient service sectors in terms of forfeited economic development opportunities? And, to the extent that inefficiencies might arise from excessive protection of domestic service industries, how might increased liberalization of investment and trade in services assist in removing the burden such restrictions place on the economy?

161. **Objectives.** The project aims at assisting developing countries to assess the gains that they may derive from opening their services markets to foreign services providers, either through investment or trade.

162. **Features.** An important feature of EFDITS is the linkage between issues of foreign direct investment, temporary movement of personnel and movement of consumers with issues of "pure" cross-border trade. Such a link is necessary and contrasts with the case of goods, where investment and trade issues have traditionally been treated in a separate manner from a conceptual, practical and political (i.e. in negotiating fora) viewpoint.

163. **Cooperation with other agencies.** The project is jointly implemented by three agencies: UNCTAD, the World Bank and UNDP.

164. **Outputs/results.** During the preliminary phase, DTCI and the World Bank prepared a handbook on service liberalization (Liberalizing International Service Transactions: A Handbook, United Nations publication, Sales No. E.94.II.A.7), which is used as a guide in the field work. This publication discusses the notion of efficiency in services, reviews extensively the kinds of barrier countries typically place against the provision of domestic services by foreign service-providers and presents what is known about costs or benefits of such barriers. Following the preliminary phase, a pilot implementation phase was launched in September 1992, with UNDP funding, in Tunisia, Uganda and Uruguay. The country reports are currently being prepared for presentation in the countries. The lessons learned in the first three countries have been summarized in a UNCTAD secretariat report to the twentieth session of the Commission on Transnational Corporations (document no. E/C.10/1994/10).

4. TRANSACT: Negotiating International Business Arrangements *

165. **Development context.** Successful agreements in today's complex international business environment require a command of innovative financial techniques and sophisticated legal and fiscal structures, as well as expertise in a variety of other disciplines.

166. **Objectives.** To assist governments (and the private sector) in tackling the whole range of issues that arise in their negotiations with foreign investors, especially transnational corporations.

167. **Features.** TRANSACT provides advisory services and training packages related to investment projects, sectoral regimes, construction contracts, joint ventures, as well as to related technology transfer, finance and taxation issues.

168. **Outputs/results.** During the reporting period, components of the TRANSACT programme were implemented in the following countries: Belarus, Bolivia, Cuba, Eritrea, Kazakhstan, Papua New Guinea and Uzbekistan. The following cases exemplify how the programme was implemented:

- **Bolivia:** The Government of Bolivia requested assistance in the renegotiation of a contract for petroleum operations. Two international experts, a lawyer and an economist, were made available to provide the Bolivian state petroleum enterprise with the necessary advice.

- **Kazakhstan:** Advice was provided on negotiating the terms of an agreement relating to an oil-refinery project. The terms of similar oil-refinery projects in the region influenced this agreement.

- **Papua New Guinea:** An advisory programme involving the stationing of a Chief Technical Adviser in Papua New Guinea was continued in 1994. Assistance was provided to the Attorney General's Office and the Department of Mining with respect to negotiations and agreements in the natural-resource sector. The Government of Papua New Guinea made a special financial contribution to UNDP to enable the Chief Technical Adviser to remain in his post throughout the year.

- **Uzbekistan:** At the request of the Government of Uzbekistan, advice was provided on three major hotel-management contracts.

5. EMPRETEC: Entrepreneurship and SME development *

169. **Development context.** Entrepreneurs establish and develop enterprises, which contributes to the creation of jobs. Increasing the number of entrepreneurs in developing countries can provide the impetus for a vigorous developmental process, which generates a dynamic business environment with a multitude of new employment opportunities. In many cases, however, market imperfections work against small and medium-scale enterprises (SMEs), inhibiting the emergence of entrepreneurs and the growth of SMEs. An appropriate enabling environment and programmes

are needed: (i) to mobilize entrepreneurs and to help them launch and develop their business ventures; and (ii) to enhance recognition of the opportunities for mutually beneficial collaboration between domestic SMEs and foreign companies, as well as to assist them in concluding mutually beneficial cooperation arrangements.

170. EMPRETEC was established in 1988 to promote entrepreneurship and SME development, as well as to promote linkages with foreign companies. The programme, which is being implemented in cooperation with the United Nations Department for Development Support and Management Services (DDSMS), is now operational in Argentina, Brazil, Chile, Ghana, Uruguay, Venezuela and Zimbabwe.

171. **Objectives.** EMPRETEC promotes the creation and growth of SMEs through a business-support network. The network is a self-sustaining and active coalition of public officials, entrepreneurs, corporate managers, bankers and executives of transnational corporations. The objective is to offer SMEs the skills, technology, opportunities, training and information necessary to help them realize their objectives, expand their activities and establish productive, stable linkages with foreign companies.

172. **Features.** The EMPRETEC programme involves the selection of promising entrepreneurs, entrepreneurship training workshops, assistance in enterprise creation, provision of business support, and the establishment of an international business database and an entrepreneurs' network. The programme aims to be self-sustainable at the end of UNCTAD's usual four-year involvement.

173. The EMPRETEC projects in Latin America are now self-sustaining. In Africa, the programme is being implemented in Ghana and Zimbabwe.

174. **Cooperation with other organizations.** The EMPRETEC programme is implemented in cooperation with DDSMS. Specific activities are undertaken in cooperation with ILO, ITC and UNIDO. In Zimbabwe the Government Counterpart Agency is the Zimbabwe Investment Centre (ZIC). Other cooperating institutions include: Confederation of Zimbabwe Industries, Reserve Bank of Zimbabwe, Zimbabwe's Ministry of Finance and Ministry of Industry, and Zimbabwe's Indigenous Business Development Council (IBDC). In Ghana, the National Board for Small Scale Industries (NBSSI) and Barclays Bank (Ghana) Ltd. are the counterpart organizations. Other cooperating national institutions include: Association of Ghana Industries, Ghanaian Association of Bankers, Ghanaian Chamber of Commerce, Ghana Investment Centre, Ghana's Ministry of Finance and Economic Planning, Ghana's Ministry of Industries, Science and Technology, and the Technology Transfer Centre of Ghana. In addition, the project management has been able to negotiate for funding from the following agencies to sustain and expand the EMPRETEC programme in Ghana: (i) The Overseas Development Administration of the United Kingdom (ODA) has provided funding for the three-year period 1993 to 1996 to support business development activities for SMEs; (ii) the World Bank has subcontracted EMPRETEC to manage the Technology and Enterprise Development Fund to provide a broad range of consulting services to the private sector over a period of 5 years, 1995 to 1999; (iii) the European Union (EU) has contracted EMPRETEC to manage the Business Development Planning Fund (BDPF) to assist SMEs to prepare business plans and develop project proposals.

175. **Outputs/results.** Over 400 new participants were trained in 1994 while over 2000 participating entrepreneurs continue to make use of EMPRETEC's training and networking facilities.

- **Zimbabwe:** In 1994, 203 entrepreneurs benefited from the entrepreneurship workshops in Zimbabwe. A recent survey found that in the first two years of the project, Empretecos (participants in the EMPRETEC programme) have contributed to expanding existing investment, or generating new investment, of approximately Z$ 40 million (US$ 6.7 million) and to creating some 1000 new jobs. Experience from projects in other countries show that these numbers multiply as the project matures.

- **Ghana:** During 1994, one entrepreneurship training workshop was held in which 33 entrepreneurs participated. Furthermore, nine management seminars were held in which 544 Empretecos took part. Consultancy services were provided in assisting in the establishment of 19 business plans, 4 of which were business financed. The success rate was 60 per cent. The Business Support Centre provided advice and extension over 1000 times. Moreover, 15 ODA/BESO volunteers participated in the project and 15 subcontracting and 10 foreign linkages were established. Membership in the EMPRETEC Forum (an association of EMPRETEC participants) rose to 420.

- **South Africa:** At the request of the Government of South Africa, assistance was provided in organizing the "President's Conference" on Small, Medium and Micro Enterprises (SMMEs) which took place in 1995, with over 2,000 participants. The aim of the Conference was to mobilize broad-based support for the Government's White Paper on SMME development and to help formulate a comprehensive programme of action through which it will be implemented.

176. **Problems/solutions.** The project in Zimbabwe is below target regarding linkages with larger companies and with TNCs, simply because the efforts required to establish these linkages successfully in Zimbabwe was grossly underestimated; in addition, the inflow of new foreign investment has been unexpectedly small. The project in Ghana has now been institutionalized through the EMPRETEC Ghana Foundation, which is presently operating as an independent legal entity with the members of the board as founding members.

177. UNCTAD also undertook in 1994 a preparatory assistance project on technological capability building, entitled TRANSTECH. It is well known that technology contributes to the ability of entrepreneurs to participate in the world trade of goods and services. In fact, the competitiveness of developing countries is becoming increasingly dependent on their competence in adopting strategies conducive to the expansion of national technological capabilities. TRANSTECH has been designed to assist developing countries in enhancing the technological capability and eco-efficiency of SMEs in order to help them to compete in increasingly liberalized markets.

178. TRANSTECH would provide integrated interventions in the areas of trade, investment, technology and human-resource development, offering access from a one-stop business support centre to all the services needed by SMEs to respond effectively to increased competition and

trade liberalization. Advisory services and training packages related to technological upgrading, export support, environmental business management, business linkages, technology networking and the achievement of self-sustainability at the end of a five-year period would be provided in close cooperation with EMPRETEC.

179. The initial phase of the TRANSTECH programme was financed and carried out in cooperation with the Danish Agency for International Development (DANIDA). The project drew on the expertise and experience of the Danish Technological Institute (DTI) in building the technological capability of Danish small and medium-size enterprises.

180. **Outputs/results.** During the reporting period, the preparatory phase of the TRANSTECH programme was completed with the submission of four country project proposals (Ghana, Uganda, Viet Nam and Zimbabwe) and one subregional project proposal (Central America). These proposals identify specific subsectors which the programme will target in the respective countries. It is expected that the implementation of the projects will begin in 1995 if sufficient funding is made available.

6. COMSAT: Commercialization of Science and Technology *

181. **Development context.** Research and development in science and technology play a key role in determining a firm's competitiveness and the commercial life of its products and services. Many transitional economies possess considerable scientific and technological capacity which could be, and in some cases is already being, developed and commercialized. However, the process of securing financing for R & D purposes, protecting the intellectual property that results from such research, and effectively linking the R & D activities with industry have proven difficult in the new market-oriented environment. Equally difficult has been the process of licensing this technology abroad or forming joint venture arrangements with foreign partners.

182. **Objectives.** To assist transitional economies (and developing countries) in strengthening their existing scientific and technological structures and institutions, and to assist in marketing related products and services internationally.

183. **Features.** COMSAT focuses on the following activities: prioritization of those areas in which science and technology-related products and services are likely to have a comparative international advantage, training private-sector managers and government officials, establishment of international linkages, commercialization of domestically developed technology, development of marketing skills and strategies, and encouragement of R & D linkages.

184. **Outputs/results.** During the reporting period, components of the COMSAT programme were implemented in the following countries: Belarus, Jordan, Kazakhstan, Lithuania, Ukraine and Uzbekistan. The following cases exemplify how the programme was implemented:

- **Belarus:** Two missions were undertaken in 1994 to assist the Government of Belarus in formulating a two-year comprehensive programme aimed at increasing national capacity in marketing science and technology-related products and services

internationally. Furthermore, assistance was provided in reviewing and formulating recommendations with regard to four contracts between national technology research institutes and foreign companies.

- **Jordan:** The government of Jordan requested assistance in formulating and implementing an economic strategy based on the country's comparative advantages - particularly in the area of science and technology-related products and services. Two missions were sent to Jordan during the course of the year, the first to study relevant issues and to prepare a report on the findings, and the second to discuss the report's conclusions and recommendations.

- **Lithuania:** Within the framework of a programme initiated in 1992, the Government of Lithuania continued to receive assistance in marketing science and technology-related products and services internationally. The provision of strategic, technical and marketing expertise facilitated the access of five products to international markets in 1994. Advice was given on methods of preparing company prospectuses and a framework for the establishment of a national innovation centre was submitted.

7. Science and Technology: Capacity-building

185. **Development context**. Science and technology are vital for achieving economic development and sustaining competitiveness. Capacity-building is a long-term cumulative process. In this respect, various actions need to be taken in order to provide an environment conducive to innovation, to develop and upgrade skills and to create appropriate infrastructures. Increased investment and technology flows require better absorptive capacity, which, in turn, requires domestic efforts to improve policy instruments, institutional arrangements, entrepreneurship and adequate physical infrastructures. A new dimension to this problem has been added by the growing international concern for environmentally sustainable development.

186. **Objectives.** The main objective is to assist developing countries, in particular the least developed countries, in strengthening their capacity for selection, acquisition, development, application and diffusion of technologies, in order to help them to compete in increasingly liberalized markets and to attain the goals of sustainable development.

187. **Features**. Capacity-building in developing countries, particularly the least developed countries: in the light of the special technology problems faced by LDCs, the programme aims at establishing the capacity in LDCs to formulate sound science and technology policies and to promote technology transfer.

Outputs/results.

188. **Review of science and technology policies and institutional set-up**: during the reporting period, field reports on science and technology policies were carried out in Bangladesh, Burundi, Ethiopia, Nepal and the United Republic of Tanzania within two projects. A specially designed training programme in selecting appropriate methods, ways and means of acquiring technologies

from foreign sources was organized for Burundi. Prioritizing policy requirements was one feature of the Burundi project. In that context, key areas were identified for further action. The reports on science and technology policies in Bangladesh, Nepal, Ethiopia and the United Republic of Tanzania were submitted and discussed at a workshop held by UNCTAD in Geneva in April 1995.

189. **Endogenous capacity-building**: in Thailand, a project was being undertaken focusing on strengthening human resources development, private sector R & D, and industrial standards system in the context of overall science and technology policy formulation for 1995-2015. Specific studies were prepared on these subjects. **Policy dialogues** among stakeholders representing different sectors of the economy were organized in Thailand on the basis of the studies prepared within the above project. Policy dialogues are considered powerful tools for consensus building on prioritized projects and programmes.

190. **Environmentally sound technologies**: access to, transfer and development of environmentally sound technologies were analysed at a workshop organized in Oslo. The results were discussed during the third session of the Ad hoc Working Group on the Interrelationship between Investment and Technology Transfer. A study on the diffusion and transfer of environmentally sound technology to small and medium-size enterprises in developing countries was prepared as a follow-up to the recommendations of the Workshop.

191. **R & D Institutions**: strengthening R & D institutions and linkages between these institutions and the productive sector. In cooperation with the Asian and Pacific Centre for Transfer of Technology (APCTT) of ESCAP and UNCTAD's Division for Economic Cooperation Among Developing Countries, a workshop was held in New Delhi. As a follow-up to the recommendations of the above New Delhi Workshop, held in November 1994, the APCTT with the support of UNCTAD, has launched an initiative of creating a regional association for commercialization of R & D results. A component of the Burundi project addressed the issues concerning R & D institutions and a report on the subject was completed.

192. **Technology dynamism and R & D in exports of manufacturing of developing countries:** studies were carried out in the garment and textiles industries in Bangladesh, Cambodia, India, Laos, Myanmar, the Philippines, Sri Lanka and Viet Nam. Seminars to discuss the studies' results were organized in Asia, Africa and Latin America.

8. ISAR: International Standards of Accounting and Reporting

193. **Development context.** The programme on international standards of accounting and reporting promotes the development of international concepts of accounting and reporting. This is achieved through annual intergovernmental working group sessions and through technical assistance projects. Financial statements prepared in accordance with international accounting concepts provide potential investors with more reliable information and thereby stimulate greater foreign direct investment.

194. A UNDP-financed project in Uzbekistan is under way, designed to help the Government to formulate new accounting laws and practices in Uzbekistan, which are appropriate for a market

economy and compatible with international accounting standards. Additionally, the notion of profit as defined by accounting principles reinforces economic reforms within the country. Following the adoption of these laws, a training programme will be initiated to ensure that the reforms are implemented.

195. The project is implemented in cooperation with the European Commission. UNCTAD and the European Commission have divided the responsibilities for the inputs to this project; the EU funds short-term experts for high-level policy advice and UNCTAD has established a permanent field office that provides continuous administrative and technical support to the project activities.

196. **Problems.** The government's commitment to reform and its active participation in the development of the new laws will be crucial for the project's effectiveness. The permanent presence of project personnel has greatly assisted the government's continuous review and understanding of the new laws and regulations. The project has experienced difficulties in combining technical expertise and language skills in the choice of international experts. Attempts to overcome this problem by engaging acknowledged Russian experts who have relevant training in western countries and first-hand experience with the reform process in their own country were not always successful.

197. **Outputs/results.** The project has resulted in the development of advance drafts of the reforms and as at 1 January 1995, new accounting regulations became effective. It is anticipated that the revised laws will be adopted at the second session of the parliament in 1995.

E. Division for the Least Developed Countries

1. Activities related to the Mid-Term Global Review of the Programme of Action for the Least Developed Countries for the 1990s

198. In its resolution 49/98, of 19 December 1994, the General Assembly decided to convene a High-level Intergovernmental Meeting in New York from 26 September to 6 October 1995, to be preceded by a one-day meeting of senior officials on 25 September 1995. The Meeting is expected to carry out the Mid-term Global Review (MTGR) and report to the General Assembly on progress made in the implementation of the Programme of Action. More specifically, the Meeting is expected to: (i) review progress in the Implementation of the Programme of Action at the national level; (ii) review progress in the international support measures, particularly implementation of ODA targets and commitments contained in the Programme of Action, including their upward adjustment, the alleviation of the external debt burden of LDCs, and facilitating the expansion of trading opportunities; and (iii) in the light of (i) and (ii) above, consider and adopt appropriate new measures, as necessary, to enhance the effective and timely implementation of the Programme of Action during the rest of the 1990s.

199. Highest priority is attached to the High-level Meeting that will provide a unique opportunity to assess the progress made in achieving the objectives of the Programme of Action and to propose additional measures that would help in reversing the socioeconomic decline of LDCs and revitalizing their growth and development.

200. To assist the intergovernmental dialogue, UNCTAD has set in motion in 1994 a number of preparatory activities, partially financed by a small-scale UNDP interregional project (GLO/94/001), complemented by several funds-in-trust projects by bilateral donors and multilateral institutions. The objective of the preparatory process is to enable the LDCs and their development partners to examine in a comprehensive manner the issues to be addressed by the MTGR.

201. As part of the preparations, substantive work and technical assistance activities for a number of issue-oriented meetings were initiated. The meetings were convened prior to the MTGR and focused on: women and development, fiscal policy reforms and trade diversification. A panel on the external finance and debt and trade was organized during the meeting of representatives of LDCs with development parties (donor-recipient meeting). UNCTAD's preparatory activities also include the preparation of substantive documentation and coordination with other parts of the United Nations system.

2. Strengthening national capacities in trade and the external sector

202. Support was provided to **Zambia** under Project **ZAM/92/026** "Preparatory Assistance for Capacity-building in the Ministry of Commerce, Trade and Industry" in the development of indicators to evaluate the effectiveness of trade-policy reforms, and proposals have been made at the request of the Zambian authorities to elaborate a follow-up work for the above-mentioned project in Zambia.

203. Assistance to **Uganda** under Project **UGA/87/009** was directed at institution building of the Ministry of Commerce and related institutions to enable them to discharge fully their prescribed policy-making and operational functions. A secondary function was to provide direct support in export development and promotion. This involved: (a) training of private-sector traders; and (b) improved monitoring of foreign trade.

204. An **interregional trust fund** project **(INT/89/A17)** financed by Italy addressed the need of LDCs to diversify their exports and develop a more balanced production structure. The project aimed at providing LDCs with comprehensive country and synthesis studies, and policy recommendations deriving from them. Eight country studies were undertaken (Bangladesh, Benin, Cape Verde, Haiti, Lao People's Democratic Republic, Mozambique, Niger and Uganda) and two subregional studies on Asian and African LDCs were also completed. These studies and the synthesis study will be published in 1995. The output of this project will also provide the basis for an Expert Group Meeting, to be convened in 1995, to discuss issues in the area of trade diversification. The project will facilitate the participation of senior policy-making officials to participate in this Meeting. The outcomes will also serve as an input to the Mid-term Review process and the findings will be disseminated in the form of a training module to be developed in cooperation with TRAINFORTRADE.

205. An **interregional trust fund** project **INT/91/A20**, supported by the Netherlands on fiscal policy reforms in the LDCs, aimed at identifying policies and measures required by the LDCs to mobilize resources and restructure expenditure, and developing a framework which would serve as a basis for policy advice to LDCs seeking fiscal reform. The four country case studies

undertaken were Bangladesh, the Gambia, Malawi and the United Republic of Tanzania. An overview of the main findings and policy conclusions, to be presented in the form of a policy framework paper, has been prepared. On the basis of these findings and support from the project, an Expert Group Meeting would be convened in 1995 to discuss the practical policy issues involved in reorienting revenues and expenditure policies in LDCs. The outcome of this meeting will be an important input to the Mid-term Review Meeting in New York in September 1995.

206. A further **interregional trust fund** project **INT/91/A31** financed by Italy aimed at strengthening national capabilities for the mobilization and allocation of resources for development in LDCs. Policy recommendations are presented in an overview study based on four country studies (the Lao People's Democratic Republic, Vanuatu, Lesotho and Madagascar). The findings of the studies could also be used to devise training modules for a workshop.

207. At the request of the Government of Niger, a mission was undertaken to advise the Government on strategies to mitigate the adverse impacts of the CFA franc devaluation on the country's economy and society and to maximize its positive effects (RAF/93/803). This mission was organized in close collaboration with the African Development Bank (AfDB) and UNDP. Conclusions and recommendations of the mission were presented in the study: "Effet de la dévaluation sur l'économie du Niger. Les contraintes nouvelles de l'ajustement - les voies du désendettement".

3. Transit Problems of Land-locked Developing Countries

208. As part of its technical cooperation activities on behalf of land-locked and transit developing countries, UNCTAD continued to implement three subregional transit transport technical assistance projects in West/Central, East/Central and Southern Africa. Because of the financial problems of the funding agencies, these activities, however, focused mainly on the assessment of the results that had been achieved during the previous years of the projects. This assessment was used as a basis for the terminal reviews of the projects which were undertaken in the second half of 1994.

209. The beneficiary countries of the above projects highly commended the work of the projects and their positive impact on the improvement of the transit transport systems and urged donor institutions to seriously consider providing resources for the reactivation of the activities of the projects. The UNCTAD secretariat was requested to play a catalyst role in mobilizing this support. Since then, contacts with various funding agencies have been established in this regard, and detailed future work programmes have been elaborated.

210. Another important technical cooperation initiative undertaken by the UNCTAD secretariat relates to the preparatory work done to assist the newly independent developing land-locked states in Central Asia in their efforts to improve their transit transport systems. This involved initially the carrying out of a pilot study on the transit transport systems of these countries. This report, which was requested by the General Assembly in its resolution 48/170, also highlighted some key areas in the transit transport sector, where technical assistance was required. Furthermore, contacts were made with the UNDP offices in Central Asia with the view of mobilizing the resources required to carry out exploratory technical cooperation activities. Contacts were also made with

other organizations, which had already done relevant work on transit transport issues in these countries, in particular EEC and ESCAP, in order to ensure that UNCTAD initiatives in this area build on related activities.

F. Division for Economic Cooperation among Developing Countries and Special programmes

1. Poverty alleviation

211. With respect to the interregional project INT/93/118 and INT/93/A07, the work carried out in 1994 by the Poverty Alleviation Unit corresponded to: (a) follow-up on the first interregional workshop (held in Tunis during 15-18 November 1993); and (b) preparations for the second workshop (held in Santiago during 10-13 January 1995). The follow-up to the Tunis workshop consisted of submitting the report entitled "Workshop on Social Mobilization and Organization of the Poor", TD/B/CN.2/7, through the meeting of the Intergovernmental Group of Experts on Poverty Alleviation to the second session of the Standing Committee on Poverty Alleviation (25-29 July 1994), which in turn decided to bring the report to the attention of governments and relevant international organizations.

212. As for the Santiago workshop, arrangements were carried out during the second half of 1994 to hold the meeting in Chile, develop the substantive content of the meeting, select two consultants, identify experts to prepare technical papers and serve as panellists, and research and draft an informal issues note for the workshop. The work carried out in 1994 was essential in laying the ground and securing the success of the Santiago workshop.

213. The use of workshops was praised by the third session of the Standing Committee on Poverty Alleviation, which met during 12-16 June 1995. Such workshops were considered to be a very effective way of exchanging experiences and producing knowledge on issues important to poverty alleviation in the developing countries. Based on the reports entitled "International trade and poverty alleviation" (TD/B/CN.2/13) and "Report of the Workshop on Poverty alleviation through international trade" (UNCTAD/ECDC/PA/1), the Santiago workshop was in particular considered to be important in helping member States gain more empirical knowledge in an area of UNCTAD-mandated responsibility and competence.

214. The Santiago workshop has had significant follow-up results. It induced interest on the part of the Organization of American States to propose a joint research project on the implications of trade liberalization on poverty in Latin America and the Caribbean. It also led to the participation of the UNCTAD staff in preparing a project identification proposal on Bolivian horticultural exports, and bringing the proposal to the attention of potential donors (an EC representative praised this initiative as an example of how to implement the findings of a workshop. The planned publication of a book on the Santiago workshop will help disseminate its findings.

2. Economic cooperation among developing countries

215. Different facets of the processes of ECDC are being reshaped in the light of an increasingly open and competitive international economic environment. While action at the country level is necessary, there are a number of activities which can more efficiently and successfully be carried out on an intercountry basis involving, by their very nature, a wide range of public and private sector organizations, including the business sector.

216. Advice, technical support, assistance and skill formation supportive of the ECDC endeavours of developing countries cover a set of six main dimensions fostering: (a) trade financing and the expansion of trade within and between groupings; (b) multi-country/multi-enterprise technology cooperation and research contracting, (c) payments, clearing and monetary arrangements, (d) capital markets, joint investments and enterprise development, (e) technical and logistic support to GSTP negotiations, and (f) dialogue with cooperating partners, donors and beneficiaries.

217. (a) **Technical support in trade financing** includes the strengthening of developing countries' export credit programmes, helping them attain a degree of consensus on the standardization of papers, rules of operation, credit-rating procedures, insurance and guarantee treatment. Technical assistance includes seminars and training courses to examine reforms in banking regulations and supervision; the optional use of documentary credits for export transactions (still mandatory in some developing countries); simplification of procedures that address non-bank providers of export finance, such as factors and invoice discounters, the creation credit-insurance mechanisms or confirmation of letters of credit. A prototype model of trade-financing schemes, featuring characteristics of relevance to both country and intercountry institutions, is being developed by the secretariat. The prototype includes elements such as: forms of trade financing; types of lending facilities, structure of windows, types of guarantee (recommended standards for use of guarantees) and insurance, types of risk and their management, capitalization: amount of capital, relation between paid-in and callable, asset and liquidity management, institutional arrangements, relationship with other trade-financing and export credit insurance facilities. Technical assistance could be provided along these lines, upon request, if resources are available.

218. The Second Conference of Central Banks of Africa and Latin America took place in Santa Cruz de Tenerife, Spain, from 2 - 3 March 1994. Governors and senior officials of 17 Central Banks, as well as financial institutions and international organizations, attended the meeting, which was organized jointly with the Promociones Exteriores Canarias (PROEXCA), and the Chamber of Commerce, Industry and Shipping of Santa Cruz de Tenerife. Participants discussed financing of trade between the two regions. The UNCTAD secretariat staff assisted with organizational logistics and provided resource persons for participation in discussions. Issues such as standardization procedures for transfers, credits and payments; measures to facilitate the use of respective clearing mechanisms in the two regions; the strengthening of trade-financing facilities, and the possibilities of networking between them. As decided by the Second Conference, the First Session of the Follow-up Committee was held in Madrid, on 3 October 1994, to continue examining possibilities for improving trade-financing between the two regions.

219. An initiative was also taken, under UNDP/UNCTAD projects RAS/93/039 and RLA/93/003, to improve trade in the Pacific-Basin area, between Latin American and Asian countries. The objective is to organize a meeting of Ministers of Trade, with ten countries being involved on each side, to analyse the situation with a view to delineating the possibilities of enhancing trade between regions. The preparatory process is ongoing. It involves the preparation of studies containing specific suggestions for creating trading opportunities of an interregional nature. It is hoped that the meeting will take place early in 1996.

220. (b) As regards **technology cooperation and research contracting,** activities included the design and implementation, jointly with the Asian and Pacific Centre for Transfer of Technology of the Economic and Social Commission for Asia and the Pacific (APCTT/ESCAP), and the Unit for Technical Cooperation among Developing Countries (TCDC) of the UNDP, of a Workshop on R & D Community-Enterprise Cooperation in Technological Research and Commercialization/Application of Results. The Workshop was held in New Delhi, from 7 - 10 November 1994. The Workshop analysed: (i) the factors influencing the performance of R & D organizations; (ii) the issues concerning application or commercialization of R & D results in selected areas (food, building materials, environment, etc.; (iii) the increased utilization of locally available R & D options; and (iv) the possibilities for furthering multi-country/multi-enterprise partnerships. In line with considerations at the Workshop, a Regional Association for the Commercialization of R & D Results (RACORD) was actually formed early in 1995, and located in New Delhi.

221. (c) Preparatory work for the Ninth Session of the Coordination Committee on **Multilateral Payment Arrangements and Monetary Cooperation among Developing Countries** to be held in 1996, started in late 1994. The Ninth Session will deal with the transformation of the payments arrangements into monetary cooperation agencies. UNCTAD will act as technical secretariat for this meeting and will provide the background documentation.

222. Technical assistance oriented documentation of relevance to the transformation of the West African Clearing House (WACH) into an autonomous specialized agency of the ECOWAS, the West African Monetary Agency (WAMA), as decided in 1992 at the Conference of Heads of State and Governments (Decision A/Dec 4/7/92), is still under preparation. It deals with two major issues: (i) the potential functions of the WAMA, whereby the clearing and payments functions, as well as other elements of monetary cooperation are dealt with; (ii) evolving a draft a proposal for technical assistance in actually launching the West African monetary agency. The WACH and assisting ECOWAS in the implementation of the various steps involved in the ECOWAS Monetary Cooperation Programme.

223. As regards the Arab Maghreb Union (AMU project RAB/91/003), a study was initiated in mid-1994 on "The mechanisms of Compensation of Losses Resulting from the Application of the Tariffs and Trade Convention among AMU Countries". The study was submitted to the AMU secretariat in May 1995 and it will be reviewed by an AMU expert group later in 1995. The study discusses: (i) the concept of losses and compensation; (ii) the dependency of the budgets of AMU countries on the application of the AMU Convention on Tariffs and Trade; and (iii) specific proposals for the establishment of compensation mechanisms.

224. UNCTAD participated in the Annual Meeting of Directors of the Asian Clearing Union, Governors of seven Central Banks (May 1995, Colombo, Sri Lanka), which provided the opportunity for reviewing the current situation, and for discussing the possibilities of enhancing monetary cooperation among the Asian countries. The resource person from the secretariat made a presentation on the prospects of the ACU, and its future role, as convertibility is achieved in most member countries. Advice is being extended on request as the transformation of the institution proceeds.

225. (d) Considering the rising costs and the increasing complexity of technologies, **multicountry/multi-enterprise cooperation in the technology domain** is often no longer a matter of choice, but a matter of necessity for enterprises as well as for R & D organizations, particularly the smaller ones. Some operationally oriented ideas are suggested in document UNCTAD/ECDC/Misc.134, May 1995, on multicountry and multi-enterprise forms of cooperation in the field of technology. In 1995 and 1996, attention will have to be devoted to technology issues in the African context, where underlying structures and capabilities are particularly weak.

226. Weaknesses of local capital markets, and poor leverage of locally emerging small and medium-size firms, are two important impediments to economic growth and development. In response to the expressed desire of the Federation of Private Enterprises of Central America and Panama, FEDEPRICAP, to offer a Training Seminar for Executives of Small and Medium Enterprises (particularly women) on Access to Subregional Capital Markets, the UNCTAD secretariat cooperated with FEDEPRICAP and with the secretariat of the Central American Economic System (SICA) in the course of 1994, in elaborating the pertinent draft project proposal.

227. The proposal concerning the role of local (subregional) capital markets in the development of enterprises and joint ventures included: (i) preparation of a training manual on methods of access to organized capital markets, for perusal in short courses for managers and executives of small enterprises; (ii) improvements in the subregional data bank on small and medium enterprises; (iii) improving the networking between national focal points, and introduction of (simple) computerized facilities if necessary. Resources for this relatively modest pilot project are still being sought. Suitable follow-up activities for securing resources as soon as possible, and for implementing the proposal need to be undertaken. The proposal could serve as a model that could be adapted to other intercountry initiatives of a similar nature, namely in situations in which the small size of the local enterprises gives them little leverage in domestic capital markets, and even fewer possibilities for attracting resources through subregional/regional capital markets.

228. (e) The **Global System of Trade Preferences (GSTP)** was established as a framework for the exchange of trade concessions among developing countries. It entered into force in 1989 with 15 initial ratifications. On 31 October 1991, the Committee of Participants, the governing body of the Agreement, decided to launch the second round of negotiations intended to expand the membership and the product coverage under the Agreement. Negotiating groups were established in the following areas: facilitation of accession, product-by-product negotiations, across-the-board tariff negotiations, direct trade measures and non-tariff and sectoral agreements. In 1994, the GSTP comprised 40 participating countries, including six least developed countries. In the course

of 1994, negotiations intensified with seven developing countries and one subregional grouping applying for accession.

229. Progress was made on product-by-product negotiations. Three sessions of bilateral consultations and one session of bilateral negotiations were held between countries having submitted request lists and those to which the requests were addressed. It is hoped that the concessions made bilaterally would be multilateralized before the end of the second round. Across-the-board tariff negotiations, as well as negotiations on direct trade measures, and those on long- and medium-term trading, moved more slowly because of the complexity of issues involved. Although quite modest, trade flows under the Agreement have been increasing gradually. The technical support received, as well as the smooth functioning and progress achieved by the GSTP, were commended by its membership. Technical cooperation activities were carried out with financial support from the Pérez Guerrero Trust Fund, and from contributions to the GSTP Trust Fund made by participating countries.

230. (f) **The dialogue of the UNCTAD secretariat with cooperating partners, donors and beneficiaries was pursued at various levels**, namely: (i) with respect to particular ongoing and new country and intercountry projects; (ii) in delineating proposals and programmes within the secretariat with respect to specific facets of the ECDC processes; (iii) at the level of intergovernmental meetings, particularly the two sessions of the Standing Committee on ECDC, respectively held in November 1994, and in June 1995; and, (iv) the Intergovernmental Group of Experts on ECDC which met in Geneva in June 1994.

3. Assistance to the Palestinian people

231. The economy of the Palestinian territory was subjected to significant structural changes under conditions of occupation for more than a quarter of a century. Agriculture as the dominant sector gradually gave way to the services sector, while industry virtually stagnated. Poor performance in the commodity-producing sectors resulted in a growing percentage of the labour force seeking employment opportunities outside the Palestinian economy with little, if any, direct impact on building the domestic productive base of the economy. Much of the capital formation, financed from private investments, was directed to meeting housing shortages. There were no national Palestinian institutions with authority to examine and alter the course of events by identifying priorities, designing strategies and providing guidelines for policy measures aimed at arresting the deterioration of the economy and providing impetus for its growth and development.

232. The continuing situation, as outlined above, prompted the UNCTAD secretariat to embark upon an action-oriented intersectoral project investigating problems and prospects of the Palestinian economy (ref. TDB 239(XXIII)). The project entailed an assessment of the economic and social situation in the Palestinian territory identifying immediate problems and needs, analysing prospects for future economic development, and developing a strategy framework and policy guidelines for action.

233. In developing the substantive scope of the project in various economic and social sectors, close consultations were held with the relevant organizations of the United Nations system,

regional Arab institutions and others concerned. The objective was to coordinate efforts and seek cooperation in areas of mutual concern. Convinced of the merit of the project, a few organizations even offered financial contributions towards the implementation of the project, thus supplementing the resources that were made available for the project by the General Assembly of the United Nations, through resolution 44/174. The contributing organizations consisted of the League of Arab States, the Arab Industrial Development and Mining Organization and the OPEC Fund for International Development.

234. A total of 25 in-depth studies on various economic and social sectors of the Palestinian territory was commissioned to Palestinian and international experts and completed in line with the overall design and structure of the intersectoral project. The main findings and recommendations of these studies were presented to an expert group meeting in 1992. The report of the meeting embodying these findings and recommendations was issued and widely disseminated with the view to assisting bilateral and multilateral sources in their effort to initiate action in their respective fields. Parallel to this, a number of the in-depth sectoral studies in priority sectors/areas were selected for publication in order to provide the international community with the substantive analysis in those areas.

235. The propitious timing of the outcome of the project has also enabled the UNCTAD secretariat to initiate action in areas of its competence. Accordingly, the UNCTAD secretariat has been guided by the findings and recommendations of these in-depth studies in the preparation of an integrated programme of technical cooperation activities in support of the Palestinian people. It covers areas where the UNCTAD secretariat has developed capacities for operational activities, namely trade, finance, shipping and related areas. While the programme is being finalized for presentation to sources of funding, the secretariat has already begun extending immediate assistance to the nascent Palestinian Authority in priority areas, at its request.

236. It is expected that once the programme receives the financial support from bilateral and multilateral sources, the secretariat will be able to address itself, in close cooperation with the Palestinian Authority and in coordination with other organizations, to the range of issues that have had a debilitating effect on the Palestinian economy over the past 27 years.

237. Work is simultaneously under way on the second and third phase of the project investigating the long-term development prospects of the Palestinian economy. These final phases are due to be completed by the end of 1995. Parallel with this, and as part of its work programme for the current biennium, the secretariat will also examine the regional and global dimensions of the Palestinian economy, with the view to reintegrating it into the regional and global context.

G. Services Development and Trade Efficiency Division

1. Trade Efficiency

(i) Customs modernization and reform

238. This section of the report does not contain information on the activities of the ASYCUDA/Customs reform programme, which are covered as part of the in-depth study on the programme requested by the Working Party at its twenty-fourth session. The projects forming the ASYCUDA programme are listed in annex table IX.

(ii) The Global Trade Point Network (GTNP)

Development context

239. Traders in developing countries and small and medium-size enterprises worldwide face a serious risk of marginalization in international trade. Information technologies can be factors of exclusion or tools of integration. The Trade Efficiency Programme aims at increasing international awareness and effective application of information technologies to trade, and to promote the use of models capable of reducing transaction costs in international trade. At the United Nations International Symposium on Trade Efficiency (UNISTE) held in Columbus, Ohio (USA) in October 1994, more than 2,000 decision makers, from both the private and public sectors, and including some 80 ministers from 136 countries, expressed their commitment to the implementation of the trade-efficiency guidelines and recommendations as a means to lower barriers of entry in international trade. The Global Trade Point Network, a core component of the Trade Efficiency Programme was also launched at the Symposium.

Objectives

(i) To enhance the participation of developing countries and economies in transition in international trade, with an emphasis on small and medium-size enterprises.

(ii) To reduce the transaction costs and to promote better trade practices, including the use of information technologies and electronic data interchange (EDI).

(iii) To improve access of traders to trade-related information and global networks.

Features

240. The Trade Point Programme provides assistance for the establishment, operation and interconnection of Trade Points in all regions of the world. Trade Points offer traders in developing countries and SMEs worldwide access to the latest information and telecommunications technologies at a reasonable cost. Trade Points are at the same time trade-facilitation centres, sources of trade-related information and gateways to global networking.

241. The Global Trade Point Network is one of the earliest examples of the role that the emerging Global Information Infrastructure (GII) can play in trade and development. One of the most widely used features of the GTPN is its 'Web site' in the Internet. Through interconnected Trade Points, traders can exchange Electronic Trading Opportunities and have access to a wide range of trade-related information.

Cooperation with other organizations

242. The International Trade Centre (UNCTAD/GATT) and Working Party 4 of the United Nations Economic Commission for Europe are cooperative partners in this programme, respectively addressing the issues of availability and efficient use of business information for trade and better business practices. The United Nations regional commissions are also involved.

Outputs

243. As of 30 June 1995, 84 Trade Points in 55 countries had been or were being established, while another 42 official requests had been submitted to UNCTAD. Practically all the Trade Point technical cooperation projects that were ongoing in 1994 were regional or interregional projects supporting the networking of Trade Points. Accordingly, most technical cooperation activities performed in 1994 were aimed at supporting the GTPN. Document UNCTAD/PSMS/CAS/679 'The Trade Point Programme: A First Post-Symposium Assessment' gives a full account of activities carried out for the benefit of the Programme.

244. Since 1992, the Trade Point Development Centre (TDPC), based in Bangkok, Thailand has been the cornerstone of the programme's technical cooperation activities. During 1994, the TPDC has continued to provide management and technical back-up to the Global Trade Point Network, developing software especially adapted to Trade Point needs, assisting Trade Points in having an active presence in the Internet, and supporting the dissemination of business information and trading opportunities among Trade Points.

245. The risk of exclusion that the Programme addresses is greatest in the least developed countries. Therefore in 1994, the Programme concentrated most of its technical cooperation missions in LDCs, in particular African LDCs. Assistance was provided for the technical and institutional configuration of Trade Points in these countries. Particular attention was given to backing up the interconnection of Trade Points in LDCs and to the development of adequate solutions for the dissemination of business information and trading opportunities. This has ensured the active participation of LDCs, especially African LDCs, in the GTPN.

246. Another important area of activity was the support and coordination of co-operation among existing Trade Points, in particular the organization of three meetings of Trade Point directors and coordinators in Geneva and the provision of assistance for their participation in UNISTE. These meetings allowed Trade Points to self-evaluate their progress and to exchange experiences and ideas. At these meetings, the secretariat received vital feedback on the practical implementation of the Trade Efficiency Initiative and the positions of Trade Points on the strategies for the expansion and consolidation of the GTPN. The active participation of Trade Points representatives

in Columbus, Ohio, allowed them to present their achievements to a large international audience. It was essential for the practical demonstration of the potency of the Trade Point concept.

247. Finally, as part of backstopping the GTPN, the Programme has established contacts with several private-sector service providers (AT&T, GEIS and SITA) in view of obtaining their support for GTPN activities, in particular the provision of interconnection among Trade Points. Although no decision with contractual consequences can be made until the GTPN institutional framework is agreed on, these contacts created awareness of the GTPN among the major players in global networking and provided some basic elements for the decision that Trade Points will have to make in the future.

Problems/Solutions

Financial sustainability

248. Designed as business-driven endeavours, Trade Points face a pressing problem: to ensure that their services attract sufficient demand to generate revenue that will make them financially self-sustainable. At the Programme level, the main contribution made to the solution of this problem is the improvement of Trade Points connectivity. Once the critical mass of interconnected Trade Points is reached, the increased amount of traffic in the network will allow a sharp reduction in the cost of collecting, processing and transmitting information. Thus, a greater number of traders will have access to commercially valuable information and to innovative trade-supporting services (multimedia catalogues, electronic trading, advanced on-line financial services, etc.)

Lack of infrastructure

249. Absence of adequate telecommunications infrastructure is a major obstacle for the obtention of the full benefits that could be derived from the establishment of Trade Points. The approach followed by the Programme has been flexible, adapting or developing technical solutions to locally available resources. Since 1994, the TPDC offers services like the Trade Point Internet incubator, which allows Trade Points without access to the Internet to have a real and active presence in the WorldWide Web. The envisaged creation of regional TPDC Internet Labs, which will assist Trade Points in their interconnection and in the development of software solutions, also aims in this direction.

Lack of know-how

250. Shortage of adequate human resources is another difficulty faced by Trade Points. Often, the creation of a Trade Point gives local populations their first exposure to information technologies. Spreading better business practices among local traders is another relevant function of Trade Points. Extensive on-the-job training is involved in the creation of Trade Points. In relevant areas, the TRAINFORTRADE methodology is being applied to the development of training modules that is specifically adapted to the needs of Trade Point staff and users.

2. Services Development

251. The Cartagena Commitment provides for the future orientation of the work programme of the UNCTAD secretariat on services, stating that it should focus on "technical cooperation, at the national, regional and multilateral levels, to support and assist developing countries in the identification of their weaknesses and capabilities in the services sector and to make their services sector more competitive" (para. 185(k)); and on "technical cooperation with those developing countries which lack the necessary infrastructures needed for the evolution and development of their national service sectors" (para. 185(l)).

252. Pursuant to this mandate, UNCTAD has been rendering assistance for the development of the service sector to developing countries upon request. These requests are motivated by such concerns as: (a) the identification of policy options for dynamizing the role of producer services, particularly to raise the level of competitiveness of the manufacturing, agricultural and services sectors, as an element in the adjustment process; (b) the contribution of the services sector to the country's balance of payments; (c) the contribution of the services sector to more, and higher-quality, employment opportunities, and to increasing the knowledge-intensity of human capital; (d) the role of an efficient services sector in attracting foreign direct investment, and (e) effective participation in multilateral, regional and bilateral negotiations on services.

253. The UNCTAD secretariat is also assisting some countries in the preparations for their accession to the WTO, which involves the negotiation of schedules of commitments on services. In some cases, comprehensive national projects on services have been executed by UNCTAD. Studies and technical assistance activities have also been carried out in the context of regional UNDP-financed projects which have specific components addressing services. There has been important support from donor countries and institutions in different regions.

254. The secretariat has been carrying out technical cooperation in the field of services for African countries under the "Coordinated African Programme of Assistance on Services", or CAPAS. CAPAS is a capacity-building programme that was launched in April 1992, in response to the request of many African countries. Deficiencies in infrastructural services revealed by structural adjustment and recovery programmes, the Uruguay Round negotiations on a multilateral framework for trade in services, and the inclusion of services in the Lomé Convention have all served to draw the attention of African decision-makers to the importance of services. CAPAS provided the participating African countries with the tools to assess their national economic policies in the areas of services and to participate more effectively in the negotiations of the General Agreement on Trade in Services (GATS) during the Uruguay Round. In the process, the programme has also stressed the development of an endogenous analytical capacity, not limited, to the government machinery but involving also the national academic and consulting communities and representative organizations from the private sector.

255. A number of separate reports have been prepared during CAPAS phase I, including ten national studies on services in Benin, Burundi, Ghana, Guinea, Kenya, Nigeria, Senegal, the United Republic of Tanzania, Uganda and Zimbabwe. CAPAS phase II will focus on the preparation of national sectoral studies as well as regional studies. Three major regional seminars

were organized, on one hand, to launch the activities of the programme, and to assess its outcome, on the other hand.

256. The results of the CAPAS programme have been used in different ways by the participating countries. Until recently, international trade policy-making in many African countries too often received only scant attention from the government machinery. Given the strong traditional reliance on natural and agricultural commodities for export earnings in most countries, the services sector was particularly neglected. With the increasing integration of individual economies, including African economies in the international trading system, more attention needs to be given to trade policy-making. The CAPAS project has helped governments in the participating countries focus on the services issue. More importantly, the programme has succeeded in starting a new dialogue between government and the private sector on matters of policy-making.

257. Some CAPAS countries have used the CAPAS project and the work of its interinstitutional working group and national research team to further review and strengthen the policies supporting certain sectors activities. One example is Benin with respect to the policies concerning the use of the Port of Cotonou as a re-import/re-export facility. Having successfully developed strong business linkages with neighbouring countries as a transit trade platform in recent years, the Port of Cotonou and associated service-providers have become important sources of export earnings. The CAPAS project has provided the government with a means to bring together the various public, parastatal, and private actors involved with the activities of the Port. Another example is Kenya, where the National Study on Services has helped create a new awareness for the port of Mombasa's eroding competitive advantage and the need to respond accordingly.

258. In various degrees, all CAPAS countries have used the analytical capacity gained from the implementation of the programme to prepare the schedules of market-access commitments required from all countries to become member of GATS. CAPAS phase II, by focusing on sectoral areas still in negotiations under GATS, such as telecommunication services, financial services and movement of natural persons, will provide additional opportunities for each country to further refine its negotiating position and commitments on services in the World Trade Organization.

259. The secretariat has been carrying out technical assistance related activities in the field of services for Asia and the Pacific since 1993 under the technical assistance programme RAS/92/034 funded by UNDP. The primary objective of these activities is capacity-building at the national, subregional and regional levels for research and analysis and for management in development and trade in services. Since the conclusion of the Uruguay Round, the priority has been to examine the implications of the multilateral trade norms on trade in services and global opportunities for expanded trade for developing countries in the region and to disseminate information to the relevant government officials, private-sector executives and researchers.

260. The activities under the programme consist of: (i) sectoral studies examining the implications of the result of the Uruguay Round Negotiations in Trade in Services, as well as identifying existing barriers to export the services concerned; (ii) work on the database on measures affecting trade in professional and business services in the region; (iii) organizing training seminars. The studies completed are: (a) Trade in Computer Services and the Role of Telecommunications

Services in Exports; (b) Uruguay Round of Negotiations on Trade in Services and their Impact on Pacific Island Countries; (c) Export Potential for Education Services in ASEAN countries; (d) Trade in Computer Services and the Role of Telecommunications: the Hong Kong Case; (e) Trends in China's Medical Service Exports and the Role of Telecommunications Services in Exports; (f) Current Status and Future Prospect of the Korean Telecommunications Industry. Most of these studies were undertaken by local research institutes under close supervision by the secretariat, with a view to building up research capacity locally. Such a collaboration has led to establishing working relations with some national institutes in the region. The findings of these studies have been incorporated in the documents which will be before the Third Session of the Standing Committee on Developing Services Sectors. The work on the computerized database on measures affecting trade in business and professional services in Asia and the Pacific has been undertaken. It is part of the overall UNCTAD work on establishing the database on measures affecting services trade.

261. The Regional Seminar on Telecommunications Support for Trade in Services was organized jointly by UNCTAD and the Asia-Pacific Telecommunity (APT) from 14-17 May 1994 and was hosted by the Government of the Maldives. The Seminar has contributed to increasing the knowledge of telecommunications officials on the issues discussed in the Uruguay Round Negotiations on Trade in Services, particularly trade in telecommunications services, as well as improving the understanding of telecommunications officials on the role of telecommunications services in enhancing trade in services. The positive impact of this activity is most clearly observed by the follow-up actions made by the APT, including an application of the APT to the GATT/WTO for its observer status and a decision by its Executive Committee to include trade-related aspects in its work programme and to collaborate with relevant international organizations in this regard.

262. With regard to future activities in the context of service-related technical assistance in the Asia and Pacific region, the secretariat plans to focus on the identification of barriers to exports of services. The sectoral studies referred to above provide an overview of existing barriers. One aspect that these studies addressed is that in the export of services, combinations of different modes of supply are often involved, for example, cross-border trade through information networks regarding trade in computer-related services, or cross-border movement of persons and capital regarding trade in professional services. This suggests that identification of barriers to exports of services would help in establishing practical policy recommendations for increasing exports of services in the Asia and the Pacific region and preparing for the future bilateral, plurilateral and multilateral negotiations on trade in services. The sectoral examination would be complementary to the ongoing effort on building up the database on measures affecting trade in services.

263. In the future, assistance would focus on the following three main areas of technical cooperation: (a) policy options for the development of competitive services, along the lines of the work programme of the Standing Committee on Developing Services Sectors: Fostering Competitive Services Sectors in Developing Countries on its second session, (b) more sectoral or issue-specific training programmes involving seminars, workshops and on-the-job training geared to the needs of both the public and private sectors, and (c) publication and dissemination of materials presenting national experiences at the general and sectoral level.

264. At its second session the Standing Committee adopted a set of recommendations which included, inter alia, paragraph 10 "The important contribution of the technical assistance provided by UNCTAD within available resources was recognized, and note was taken of the reduction in the capacity of UNDP to support such activities. It was decided to request the Trade and Development Board to invite the international donor community to provide resources and to allow UNCTAD to establish a trust fund to assist developing countries in strengthening the competitiveness of their services sectors, as well as their negotiating capacity in present and future negotiations on trade in services." The TDB at its forty-first session endorsed this recommendation.

3. Shipping, ports and multimodal transport

265. Since trade in goods depends upon the provision of transport, it is clear that the supply of efficient international transport is fundamental to world trade. Further, since ocean carriage is involved in practically all the foreign trade of developing countries, efficient transport by sea is fundamental to the development process. With this in view, the term "shipping, ports and multimodal transport" used here concerns all parties with responsibilities for facilitating the movement of goods from point of origin to final destination across seas. An extensive review of activities in this field is given in the UNCTAD report "Technical cooperation and human resource development in shipping, ports and multimodal transport" (TD/B/CN.4/47) issued on 28 March 1995.

(i) Shipping and maritime legislation

Management workshops and on-the-job training for shipping executives

266. In view of the crucial importance of efficient ocean shipping services for the transport of the majority of international trade, the economic, operational and commercial aspects of maritime transport are of direct concern to developing countries that are dependent upon such services for their imports and exports. UNCTAD has provided advice and management assistance to a number of countries and subregional groupings of countries on:

- the economics and management of shipping including the feasibility of establishing or expanding national or multinational merchant marines and shipping services based on an analysis of national and regional maritime transport requirements;

- the management of shipping companies including corporate planning and fleet operation and management;

- freight rates and conference practices including advice on the implementation of conventions negotiated under UNCTAD auspices, particularly the Convention on a Code of Conduct for Liner Conferences, and on the operation of freight markets; and

- assistance to shippers including advice on the establishment and operation of shippers' councils and of effective consultation machinery between the users and suppliers of shipping services.

267. In this area, the Shipping Section carries out two projects: Stratship and JOBMAR.

(i) Stratship is a concentrated course in strategic planning for shipping. The materials include a mixture of concepts, case studies and a simulation model. The module provides participants with an opportunity to upgrade planning skills and obtain hand-on experience through the simulation exercise. The main objective of the course is to provide hands-on management experience and upgrade management skills in a competitive environment. It provides an overview of decision-making techniques and their application in a liner shipping company. Operation of simulation models allow the participants to run an imaginary shipping company through the business cycle, with all the consequent implications for vessel prices, volume of cargo and level of freight rates. Since 1 January 1994, eight courses were given worldwide.

(ii) Jobmar emphasizes a "hands-on" approach to acquiring management skills. Experience, which cannot be simulated by traditional training methods, is gained by effectively dealing with business situations under actual commercial pressures and progress is measured by practical results. To this end the JOBMAR programme assigns trainees from developing countries to maritime institutions and companies, either in other developing or developed countries. A wide range of positions will progressively be available. Actual assignments will be tailored to meet specific training needs of participants and the capabilities of host organizations.

Maritime Legislation

268. The secretariat is advising on the updating and harmonization of maritime legislation at both national and subregional levels in order to provide a modern legal framework for more effective maritime transport. Recent projects include:

- assistance to the Ministerial Conference of West and Central African States (RAF/87/036) on the harmonization of maritime legislation through the preparation of guidelines and recommendations; reviewing the draft maritime code of Côte d'Ivoire;

- drafting a new maritime code for Ethiopia (ETH/87/021) appropriate to its new status as a land-locked country; and

- providing advice in economic and commercial maritime law as part of an IMO-executed project (RLA/91/002) to modernize the maritime legislation of Central American States.

(ii) Multimodal transport

269. Projects executed by UNCTAD in the field of multimodal transport cover the promotion of international trade through supporting transport operations and are aimed at recommending and implementing measures to facilitate trade flows and improve national transport activities. The

underlying principle of these projects is that international transport operations can be best performed in the context of multimodal transport. This concept, which emerged from the "container revolution", has grown rapidly over the last decade in developed countries and is now being applied to trades involving developing countries as well. Although simple in concept, this door-to-door movement of goods performed under the responsibility of a single transport operator, is currently being conducted almost exclusively by operators from developed countries. Among the reasons for this is the lack of preparedness of governmental and commercial parties in developing countries, a lack of regulations concerning multimodal transport and a low level of understanding of multimodal transport and its influence on national transport capabilities and economies. In order to allow for a gradual implementation of the necessary measures, UNCTAD is offering technical assistance to a number of countries through projects which are implemented in three phases:

- first, the identification stage which comprises a review of the existing situation regarding transport and trade regulations, documents and procedures, the identification of the possible measures to be introduced, the bodies to be involved and the critical path for consequent institutional reforms. In addition to recommending various measures on trade and transport, this stage will also create a trade and transport facilitation committee to monitor their implementation. All interested parties in international trade and transport, from both the private and the public sector, should be represented in this committee;

- secondly, assistance in the drafting of new regulations, documents and procedures regarding trade and transport; proposals to carry out suggested administrative changes through existing or exceptional channels (e.g. the committee mentioned above); preliminary analysis and action where appropriate, for the installation of UNCTAD's Automated System for Customs' Data (ASYCUDA); and

- thirdly, implementation and execution of proposals on trade and transport formulated in the previous phase.

This scheme has been used in the execution of projects in Benin, Colombia, Ethiopia, Mozambique and Pakistan and is being proposed for the execution of projects in a number of other countries.

270. A number of projects spread out in different countries have produced encouraging results. In Colombia, as an example, the completed Multimodal Transport project (COL/91/012) has fostered the development and gradual implementation of the multimodal transport concept in the country. This is evident through the creation of working groups on actualization and harmonization of laws and regulations on international transport, and on the introduction of EDI; the set-up of guidelines to improve managerial and operational capacity related to the provision of multimodal transport services by local firms; and the transfer of information to and training of staff from public and private sectors on trade and transport facilitation. In Mozambique, where two other multimodal transport projects have been completed, one (MOZ/89/018) has initiated the actualization and harmonization of laws and regulations related to Customs, while another

(MOZ/92/A19) has initiated the same process on international transport and equipped staff from public and the private sectors on trade and transport facilitation with appropriate information and training. In Pakistan, project PAK/91/009 has brought central authorities and the private sector closer together in making decisions regarding the future of the transport sector of the country. In the ESCAP region, project RAS/93/039 is being carried out to investigate management capabilities of operational procedures within the high-density, intramodal transport corridor sector and to determine in what way it may be possible to improve transit times and reduce transport costs.

(iii) Port management and development

271. Since port costs, including the cost of ships' time in port, constitute a significant proportion of the transportation costs of international shipments, port efficiency is an important key to reducing transportation costs necessary for the stimulation of world trade. During the past 12 years, UNCTAD has executed over 30 national and subregional port projects on:

- port planning, including economic feasibility studies, impact of technological changes in shipping, statistics and performance indicators;

- port administration and organization, including legislation and regulations, financial management, cost control, port pricing and management information systems; and

- port operations, including methods of improving port productivity, equipment operations and maintenance.

272. The evolution of international trade, and of the shipping activities associated with it, put the port in a position to play a wider role than in the past, allowing it to become a service centre and one of the driving forces in the development of trading activities of a country or a region. UNCTAD is now ready to advise countries on the marketing of new activities and services in the port area such as free-zones, industrial and commercial activities and warehousing and distribution.

273. The most important project currently undertaken in the area of ports is the rehabilitation and management of the four main ports in Somalia (Mogadishu, Kismayu, Berbera and Bosasso) (SOM/93/003). At the request of UNDP, a rehabilitation programme was prepared by UNCTAD for the four ports which covers ports institution building, human resources development and rehabilitation of infrastructure and equipment. From June 1993 to February 1995, the project managed the ports of Mogadishu and Kismayu temporarily. During this period, the project also acted as adviser to UNOSOM on port policy for the other ports. Since the termination of UNOSOM activities in March 1995, the project has evolved exclusively to a role of adviser on ports policy to management of the local ports. The project is also currently working towards setting up sustainable port institutions in each Somali port, the establishment of a viable national port organization and administration. Work is focused on the introduction of port by-laws and regulations, the establishment of management and operations procedures including financial management and the maintenance of infrastructure and equipment, all in line with international standards.

274. In 1994, one seminar was held on 'Container Terminal Management' (INT/82/A05) and two on the 'Commercial Role of Ports' (INT/92/A01). The former was organized in cooperation with Antwerp Port Engineering and Consulting (APEC), and the latter with the port authority and the university of Ghent in Belgium. The seminar on Container Terminal Management is aimed at training port officials on the key aspects of planning, management and operations of specialized and multipurpose terminals handling containers and unitized traffic to improve the development and operations of terminals. The seminar on the Commercial Role of Ports provides training on the new commercial role of ports and port marketing to allow port managers to improve the development and operations of their terminals through the strengthening of their commercial capabilities.

(iv) Maritime management training

275. Most of the work under this heading, including advice on the development of training capacity and human resources, is carried out through the TRAINMAR programme. However, some activities, notably conducting seminars and workshops on policy issues of concern to UNCTAD, as well as JOBMAR and STRATSHIP described above, are conducted within different technical programmes.

276. The TRAINMAR programme helps local institutions across the world to identify human-resource development needs with respect to management of maritime transport, and to prepare and conduct training adapted to the priority needs. The programme facilitates the conduct of technical cooperation activities for maritime management training, whether or not there is donor finance or whether the related funds are handled by UNCTAD.

277. Related projects being executed in 1994 were:

(i) CAR/92/A45 promotes effective maritime management training in the Caribbean region. A solid training capacity has been established throughout the region, such that maritime management training activities are now conducted in English, French and Spanish for countries from Cuba to Colombia.

(ii) EGY/87/012, assists the Port Training Centre (PTC) at Alexandria, a national training centre for port managers and workers serving also Sudan and occasionally other countries, to meet TRAINMAR standards and to participate in the TRAINMAR network. The project terminated successfully in 1994, but PTC has since been handicapped by a lack of similar centres in neighbouring countries with which to share activities. Pending the creation of more centres in the region, PTC cooperates mainly with the centres in Asia.

(iii) INT/90/029 facilitates TRAINMAR support arrangements within UNCTAD and the initial activities of the interregional TRAINMAR network. The project is now completed; it has been instrumental in the establishment of the TRAINMAR programme within UNCTAD. This involves broad cooperation arrangements by which the secretariat continues to organize essential services beyond the scope of regular United Nations resources and has enabled support to be given, not specific to a country or region.

(iv) INT/91/A13 facilitates the preparation of training courses in the policy and practice of tariff-setting in ports. Two courses have been prepared, one in policy making (in English) and the other (in Spanish) on practical aspects of tariff-setting. These courses are available through the secretariat or centres of the TRAINMAR network. Resources provided directly by local training centres have been used in the development of the courses, to which the project has provided a valuable complement.

(v) INT/91/A15 was established to enable external financial contributions to be used to carry out TRAINMAR support activities at the specific request of centres or regions and often financed by themselves. Contributions provide a rolling fund, without which it would be difficult for the secretariat to provide much of the support which is time-critical; such a system will need to continue for several years.

(vi) INT/92/A16 provides an associate expert to participate in support services offered by the secretariat. This project was terminated after a very satisfactory performance, but leaves a gap in view of the high level of support which the TRAINMAR network calls for and has the potential to absorb.

(vii) INT/93/A13 supports the cooperation among centres in Western Europe. It has been completed, leaving a regional network of national centres in five countries operating under members' control and able to offer technical support to member centres in other regions.

(viii) INT/93/A41 enables UNCTAD to provide the continuous services of an adviser to the TRAINMAR network through a critical period during 1993/1994, when UNCTAD did not have sufficient resources to cover this vital service.

(ix) INT/94/A54 provides support to the entire TRAINMAR network based on the availability within Belgium of technical competence linked with the experience of TRAINMAR. This project started at the end of 1994.

(x) PAK/89/013 assists the port of Karachi and the national shipping line to set up training centres meeting TRAINMAR standards and participating in the TRAINMAR network. The project was completed successfully in 1994.

(xi) RAF/87/089 enables francophone countries of West and Central Africa to establish training centres meeting TRAINMAR standards and cooperating regularly in a regional network. Project activities are now complete and there is a regional network with active members in six countries, as well as three associate centres in other countries. Network activities are continuing under the members' control.

(xii) RAF/92/A07 helps Mozambique and Angola set up local training centres for maritime management that can cooperate with each other and the rest of the TRAINMAR network. This project is continuing, making particular use of cooperation with network members in Brazil and Portugal, whose products and advice can be directly applicable. There are problems of local resources which will be overcome gradually and the initial three-year project may need to be

extended, particularly if cooperation in training is to be extended to other Portuguese-speaking countries in Africa.

(xiii) RAS/85/036 assists training centres of the Asia/Pacific region to meet TRAINMAR standards and to establish effective cooperation arrangements. The project has now been terminated with training centres in seven countries continuing to cooperate on a regular basis. Network activities are now conducted under the control of participating centres and include measures to assist other interested centres.

(xiv) RAS/93/036, to improve human resource development (HRD) for the maritime sector of Asia, but combined for administrative convenience with a separate component (referred to above) concerning multimodal transport. The project is continuing, although there is uncertainty over the extent and duration of finance. So far, the HRD component has concentrated on port management development in ten countries of the region and has been executed in conjunction with the ILO, which has in parallel concentrated on the dockworker development plans in most of the same countries. It has been found that past training conducted for all classes of employee was often ineffective and that measures are needed to give greater importance to training, to tie it to institutional change and to HRD policies. Several ports of the region have agreed to conduct pilot exercises to introduce such measures and to share the results with other ports.

(xv) RER/94/A08 assists maritime management training centres in three European countries to prepare a high-level training course in transport logistics. The project was started in 1994 and continued into 1995. Most resources and effort have been provided by the centres themselves, which are the prime beneficiaries; however, the project has served to increase their ability to continue producing such courses for distribution throughout the TRAINMAR network, as well as for local use. A centre in a fourth country joined the project at the end of 1994.

(xvi) RLA/87/A07 assists training centres in five countries of Central America to meet TRAINMAR standards and to develop regular cooperation programmes. A regional TRAINMAR network now operates under control of members in all five countries and extends services to a sixth country. The network constitutes part of the larger network for Latin America and the Caribbean, with which there is frequent interchange of resources and personnel, as well as joint activities.

(xvii) RLA/92/A41 assists centres in countries of the Southern Cone of Latin America to meet TRAINMAR standards and to cooperate. This three-year project is continuing through a network that has been established with centres, initially in five countries. The network will be extended to centres in two more countries and already constitutes part of the larger network for Latin America. Particular problems have been faced with regard to the status of training centres, and their staff, following privatization of many national enterprises in the maritime sector. A vigorous programme of training development and delivery has been established, which is being monitored regularly to compare results against development as well as commercial criteria.

(xviii) ROM/94/A25 assists the marine training centre of Constanza to meet TRAINMAR standards and participate in the TRAINMAR network. The project was initiated in 1994 and is to be continued through 1995 and 1996.

(xix) VIE/93/A08 advises the authorities of Viet Nam on measures to be taken to establish a satisfactory training capacity for management in the maritime sector. The advisory stage being completed, the project needs to be followed by a 2- to 3-year project to establish a training centre able to cooperate with the TRAINMAR network.

(v) Management of transport routes

278. In 1984, when large parts of Africa were suffering from an acute drought, UNCTAD launched an initiative to diagnose the situation in a number of African transport chains and to identify the obstacles - both physical and non-physical - to improving the flow of cargo. This triggered efforts to introduce logistics management on a more routine basis which, in turn, led to the concept of a system that would provide information on the whereabouts of cargo in advance of its arrival at each interface: hence the title Advance Cargo Information System (ACIS).

279. ACIS has four components, each tracking cargo on a mode or interface: port, road, rail and lake. They in turn have main modules performing different, but interrelated functions, particularly with regard to statistics and performance indicators. A Backbone Information System will eventually link the transmission of transport data across national boundaries. The following information is provided by ACIS:

- improved information to help control the operations of individual transport operators;

- advance information on the movement of individual consignments, providing the opportunity to transport managers to plan the optimal use of transport networks, equipment and standing facilities, leading to improved transit times for goods;

- a database facility available to any party registered as having an interest in a consignment and its transportation, providing them with the latest reported location and status of goods and transport equipment;

- a database for rational corporate planning by transport operators; and

- a long-term record of transport movement data to build up national and subregional databases and to permit governments and other organizations to analyse national, subregional and regional problems in order to investigate alternative investment opportunities in the transport sector.

280. This programme started in Africa in 1987 and, at the request of users, efforts have been concentrated on developing and implementing the rail- and port-tracking modules and, more

recently, the lake-tracking module. The road-tracking module will follow. RailTracker, the module that tracks cargo on railways, is currently operational on 13 African railway networks, and PortTracker, the module that tracks cargo into and out of ports, is operational in two African ports. A proposal for the installation of all the ACIS modules in Burundi, Kenya, Rwanda, Uganda, the United Republic of Tanzania and Zambia was approved by the European Development Fund in September 1994. This project, which will be executed jointly by the Common Market of Eastern and Southern Africa (COMESA, formerly PTA), and UNCTAD, will commence in the second quarter of 1995.

281. The overall objective of ACIS is to foster subregional integration and partnership with transport clients; this will promote international trade by providing transport operators with an information management tool enabling them to increase performance, reduce costs to shippers and enhance capacity and trade competitiveness. The benefits of ACIS can initially be quantified on a modal basis as the system is being progressively installed on all modes and then interconnected with adjacent countries.

282. Even though it was originally conceived to meet the immediate transport management needs of African countries, the ACIS programme is now expanding into other regions, including Asia and Latin America. Table 3 gives a summary of the programme current situation.

4. Insurance

283. The development of stable and strong financial systems of which insurance is a major component is crucial to sustaining long-term growth and development. Efficient and competitive insurance markets contribute to the better management of the risks of individuals, the productive sectors and the State. Also, the role of the institutional investors in the insurance sector is, in many developing countries, of prime relevance to the economic development process. The objectives of the insurance programme are to contribute to the establishment and strengthening of competitive insurance markets in developing countries.

284. During 1994, three national UNDP projects and two regional projects were under implementation (one UNDP for the ASEAN countries and the other financed by Luxembourg for Africa and the Indian Ocean).

285. The project for Bangladesh aimed at strengthening the training capacities of the Bangladesh Insurance Academy (BIA) by revising and updating its curricula, to provide training to the staff of the BIA and strengthen its management, provide equipment and library resources and to develop a core of actuaries for the long-term needs of the insurance sector. After consultancy, services and equipment were provided and a new curriculum drafted, the project was discontinued in 1994. The main reason for this was the effect on implementation arising from continuous changes at the BIA management level. Stability at the project beneficiary level is necessary to carry out this type of project successfully.

286. The objective of the project for the Maldives is to improve the expertise available to the Government-owned Allied Insurance Company. A UNV was recruited (October 1993 -

Table 3

ACIS

(Status 1 September 1995)

Country/area	Towns Main location only	Donors	Organization	Tracking module	Status
Azerbaijan	Baku	European Commission	Azerbaijan Railways	RailTracker	Foreseen 97
Bangladesh	Dhaka	Germany (KFW)	Bangladesh Railways	RailTracker	Started
Benin	Cotonou	---	OCBN	PortTracker & RailTracker	Seeking funding
Bolivia	La Paz	---	ENFE	RailTracker	Seeking funding
Burkina Faso	Ouagadougou	World Bank & France	Burkina Faso Railways	RailTracker & SETIM	Operational
Côte d'Ivoire	Abidjan	World Bank & France	Cote d'Ivoire Railways	RailTracker & SETIM	Operational
Cameroon	Douala	Germany (KFW)	Cameroon Railways	RailTracker	Operational
Chile	Arica	---	FCALP	RailTracker	Seeking funding
Colombia	Bogota	STF	STF	RailTracker	Foreseen 96
Colombia	Santa Marta	Autoridad Portuaria Regional	Autoridad Portuaria Regional	PortTracker	Foreseen 96
Cuba	Havana	---	Cuban Railways	RailTracker	Seeking funding
Cuba	Havana	---	Cuban Port Authorities	PortTracker	Seeking funding
Djibouti	Djibouti	European Commission	Ethiopian Railways	RailTracker	Foreseen 97
Egypt	Cairo	Germany (KFW)	Egyptian Railways	RailTracker	Foreseen 97
Ethiopia	Addis Ababa	European Commission	Ethiopian Railways	RailTracker	Foreseen 97
Georgia	Tbilisi	European Commission	Georgian Railways	RailTracker	Foreseen 97
Ghana	Takoradi/Tema	Germany (CIM)	Ghana Railways/Ghana Ports	PortTracker & RailTracker	Partly operational
Ghana	Accra	Germany (CIM)	Ghana Shippers Council	Transport Database	Started
Iran (Islamic Rep.)	Teheran	---	Iranian Islamic Republic Railways	RailTracker	Seeking funding
Iran (Islamic Rep.)	Teheran	---	Port & Shipping Organization	PortTracker	Seeking funding
Kazakhstan	Almaty	European Commission	Kazakhstan Railways	RailTracker	Foreseen 97
Kenya	Nairobi	UNDP -> European Commission	Kenya Railways	RailTracker & LakeTracker	Operational
Kenya	Mombasa	European Commission & Germany	Mombasa Port	PortTracker	Operational
Malawi	Blantyre	UNDP	Malawi Railways	RailTracker	Operational
Mali	Bamako	World Bank	Mali Railways	RailTracker	Operational
Mongolia	Ulaan Baatar	---	Mongolian Railways	RailTracker	Seeking funding
Nigeria	Lagos	---	Nigerian Railways/Ports	PortTracker & RailTracker	Seeking funding
Senegal	Thies	World Bank	Senegalese Railways	RailTracker	Operational
Sudan	Atbara	World Bank	Sudan Railways	RailTracker	Operational
Turkmenistan	Achkabad	European Commission	Turkmenistan Railways	PortTracker & RailTracker	Starting
Uganda	Kampala	World Bank -> European Commission	Uganda Railways	RailTracker & LakeTracker	Partly operational
United Rep. of Tanzania	Dar-Es-Salaam	European Commission	Tanzania Railways	RailTracker	Operational
United Rep. of Tanzania	Dar-Es-Salaam	European Commission	Tazara	RailTracker	Partly operational
United Rep. of Tanzania	Dar-Es-Salaam	European Commission	Tanzanian Harbour Authorities	PortTracker	Starting
Uzbekistan	Tashkent	European Commission	Uzbekistan Railways	RailTracker	Starting
UDEAC	Bangui	---	Central African Railways & Ports	PortTracker & RailTracker & RoadTracker	Seeking funding
Viet Nam	Hanoi/Hai-Phong	Belgium	Vietnamese Railways	PortTracker & RailTracker	Seeking funding
Zaire	Lubumbashi	COMATRAZ	Southern Zairian Railways	RailTracker	Operational
Zaire	Kalemie	---	Eastern Zairian Railways	RailTracker	Seeking funding
Zambia	Kabwe	European Commission	Zambian Railways	RailTracker	Partly operational

September 1994) to advise on all aspects of company management and coordination, with particular emphasis on the training of the company's staff. Additional funds are required to implement the UNV advisor's recommendations regarding staff training.

287. The objective of the project for Myanmar was to contribute to the reorganization of the state-controlled insurance organization, in particular by increasing the expertise of its staff and its capabilities to service the needs of the Myanmar economy. The project was completed in early 1994. Of particular interest is the long-term intensive training (six to eight months) organized by the Malaysian Insurance Institute for ten staff members of the Myanmar insurance company. This included both practical on-the-job experience and theoretical courses in specialized areas. The staff that has been trained under the project could provide the future management capacity for the Myanmar insurance industry. The project budget was significantly reduced following decision 92/26 of the UNDP Governing Council that refocused priorities for UNDP-funded projects towards grass-root community level projects.

288. The objectives of the project for the ASEAN countries were to improve the expertise available to the staff of ASEAN Insurance Commissions in a number of insurance supervision-related technical areas and to promote cooperation among ASEAN member countries by providing uniform training in the field of insurance supervision. The project, which was implemented in cooperation with the ASEAN Insurance Commissions and the ASEAN secretariat, was completed at the beginning of 1994. Interviews of the heads of concerned bodies at completion of the project revealed that the project achieved its objectives in terms of building up the skills and knowledge of staff and was found to be cost-effective in comparison with other training alternatives. The project had also a positive impact on the "day to day" cooperation between insurance commissions of the region, which is highly relevant in the context of globalization of markets. However, training of trainers and the involvement of lecturers from the region was insufficient, and future human resources development projects in this area should focus on these aspects.

289. The objectives of the new project for the African and Indian Ocean region are to contribute to the establishment of competitive insurance markets and to improve the expertise of personnel of insurance supervisory authorities of beneficiary countries. A report containing an evaluation of specific needs in terms of training of personnel of insurance supervisory offices of African and Indian Ocean countries and proposals for a training programme was completed. Programmes, locations and lecturer teams in cooperation with the African Insurance Organization and the Association of African Supervisory Authorities were decided upon for three seminars to be carried out during 1995. Also, under the project and in cooperation with the International Association of Insurance Supervisors, the production of a "Manual on Supervision of Insurance" was initiated.

H. CROSS-SECTORAL AND OTHER ACTIVITIES

290. Certain technical cooperation activities are undertaken centrally, because of their cross-sectoral and interdivisional nature. In addition to the trade-control measures information system, these activities include the TRAINFORTRADE programme, the coordination of the regional programme for Asia and the Pacific on trade and investment, and advisory services.

1. The UNCTAD Database on Trade Control Measures and the dissemination of its information through the TRAINS CD-ROM

Overall considerations

291. Trade is affected by national trade laws, regulations and administrative procedures. Considerable skill is needed to manage large amounts of data on various trade barriers. Trade control measures (TCMs), as defined by UNCTAD, comprise those that, either in practice or potentially, affect international trade flows, whether because of the basic nature of these measures or because of the way they are applied. For a number of years, with financial support from UNDP and selected donors, the UNCTAD secretariat has been collecting TCM information from its member States. The coverage and quality of this information have been gradually improved and data for over 60 countries have been computerized at the Harmonized System tariff-line level, thus constituting the UNCTAD Database on Trade Control Measures.

292. The broad objective of the constitution of the database and the dissemination of its information is to increase transparency in international trading conditions and thus facilitate trade. The database has also been utilized for the following more specific purposes: analysis of development in national trade policies; preparation of reference materials for trade negotiations; analysis of the conditions of access to external markets for export promotion; and research on trade policies.

Activities

293. The activities carried out during the reporting period included improvement and extension of the database and maintenance thereof; further adjustment of the UNCTAD database thereby taking into account the purpose of the measures for sensitive product categories, particularly those affecting the environment; further development of the DOS version of the **TR**ade **A**nalysis and **IN**formation **S**ystem (TRAINS), as well as the development of a WINDOWS version, including a facility to present historical trade data; publication of Part I and Section B of Part II of the *Directory of Import Regimes* (UNCTAD/DMS/2); production and dissemination of the first TRAINS CD-ROM.

294. For dissemination purposes, the UNCTAD secretariat has invited member States to designate a TRAINS Focal Point that will be supplied with TCM information. It has also contacted regional institutions for the same purpose. At present, the secretariats of ALADI, CARICOM, JUNAC, SAARC, SIECA, UDEAC and UMA have agreed to collaborate with the UNCTAD secretariat and will therefore contribute to the Interactive TRAINS Dissemination Programme. Following visits in 1993 by staff from ALADI and SAARC, a staff member from the JUNAC secretariat visited the UNCTAD secretariat for a two-month period in order to become familiar with the maintenance of numerous computer files, so as to enable better collaboration in keeping the database more up to date and thus ensure better coordination. Also, special collaboration has been established with OECD, the World Bank and private-sector organizations.

295. Subject to resource availability, the Focal Points are being supplied with TRAINS on CD-ROM, containing updated information on TCMs. The Focal Points also serve as a channel through which the secretariat obtains recent information on the countries or regions, particularly computerized information on tariffs and trade, as well as documentation on para-tariff and non-tariff measures. For requests from other interested parties, particularly those from the private sector, a trust fund has been created to which voluntary contributions may be channelled for this purpose.

296. Many countries have benefited from the information in the database in their negotiations with trading partners. The information has also been used to support trade negotiations within regional integration groupings or, at the global level, for the GSTP among developing countries and for the Uruguay Round. Governments have been provided with systematic information on access conditions to foreign markets, in order to study whether certain trade measures applied by trading partners constitute an effective obstacle to their exports, so that these concerns might be taken up in multilateral trade negotiations. The following agencies and bodies have drawn upon the information contained in the database: ECE, ECLAC, ESCAP, ESCWA, FAO, GATT, IMF, ITC, ITTO, UNDP, UNFDAC, UNICEF, UNIDO, the World Bank and WTO. Many researchers from other international bodies such as the European Union and OECD, as well as universities, research institutions and private companies, have used the database in their work on trade barriers.

Results and impact

297. The widespread use of the UNCTAD database, particularly in publications from organizations such as OECD, the World Bank and the IMF, as well as from UNCTAD itself, is an indication of its usefulness. The TRAINS information system is also widely used in Ministries of Trade, as well as in national export promotion offices. Also, the fact that a number of universities and private organizations have made voluntary contributions to the TCMIS Trust Fund is a good indication of the value of UNCTAD's work.

2. TRAINFORTRADE

298. Training and human resources development, which have always been an important part of UNCTAD's technical cooperation activities, have assumed greater importance more recently. For example, as a follow-up to the recommendations of UNCTAD VIII, at the second part of its thirty-ninth session in March 1993, the Board noted that "sound investment in HRD contributes to improved performance and increased international competitiveness" and outlined the policy orientations on which efficient HRD strategies should be based. It also welcomed the systematic approach of TRAINMAR and TRAINFORTRADE as a practical contribution to such policy orientations.

299. In undertaking its policy review of technical assistance in UNCTAD at the first part of its forty-first session in September 1994, the Board agreed that: "there is a need to implement in a comprehensive manner throughout UNCTAD a systematic approach to HRD in the sector of trade and related services, by building on the experiences of TRAINMAR and TRAINFORTRADE, and

to establish on a permanent basis a small HRD unit, within the existing resources, as an "umbrella" for training activities. [Agreed conclusions 421 (XLI), para.9(f)]".

300. The following results were achieved by the TRAINFORTRADE Programme in 1994:

(i) New training packages available:

- An introduction to the new multilateral trade framework (English version);
- Insurance and risk management of cargo (English version); and
- National trade policy (French version for Maghreb countries).

(ii) New packages being developed

(a) In the field of international commercial diplomacy:

- Multilateral negotiations and associated bilateral negotiations within the framework of GATT/WTO;
- National treatment;
- Anti-dumping and subsidies;
- Balance of payment (BOP) clause;
- Non-tariff measures (NTM) and State trading;
- Safeguards; and
- Dispute settlement.

Following further review, these packages should be completed before the end of 1995. Booklets and exercises are already available; case studies remain to be developed. Once completed, these packages, together with the one on the new multilateral trade framework and additional ones to come, will constitute an overall training programme of fourteen weeks on international commercial diplomacy.

(b) In trade operations:

- Development of trade within the Caribbean (October 1995);
- Training for trade-point managers (November 1995).

(iii) Training packages adapted

- Trade with countries of the European Single market: French version for ACP and for Maghreb countries; and
- National trade policy: CFA franc countries.

(iv) Training packages updated

- Commodity trading: physical markets (English and French versions);
- Commodity trading: Future and option instruments (English and French versions);
- Course developers guidelines and workshop (English version);
- Instructor training guidelines and workshop (English and French versions);
- Trade with countries of the European single market (special updating for Tunisia and the Caribbean region).

(v) Course deliveries and training of trainers: In 1994, there were 17 deliveries of five courses for 378 participants as well as one delivery of the course developers workshop and two of the instructors' workshop, for 15 and 23 participants, respectively.

(vi) Network development: Activities have been carried out in North, West and Central Africa and the Caribbean and are starting in the lusophone countries and the Pacific region. Preparatory activities were carried out in the Middle East and in other areas of Africa (countries of the southern part of the continent).

(vii) The Second TRAINFORTRADE Network Development Meeting: The meeting was organized in Grenoble (France) from 27 to 30 June 1995 under the auspices of the Government of France, the Chamber of Commerce and Industry of Grenoble and of the Rhone-Alpes region. Eighty-four participants from 29 countries and eight international or intergovernmental organizations attended the meeting. The main results of the meeting were:

- the interest expressed by all participants to move on towards the introduction of diploma programmes covering the following subjects:

  . International commercial diplomacy;
  . Commodities trading;
  . Trade information;
  . Risk management in trade financing; and
  . Development of services linked to tourism.

- the adoption by the members of the TRAINFORTRADE network of a general framework of regulations in order to deepen and institutionalize cooperation between training institutions.

301. The above activities were carried out through financial contributions provided by the following donors: the European Union, France, Italy, Luxembourg, Norway and UNDP.

302. As part of its work-plan for the next two years, TRAINFORTRADE will develop, in cooperation with ITC and other agencies concerned, the relevant training material required for the implementation of the diploma programmes listed above. If sufficient financial resources can be mobilized for the production of training material, TRAINFORTRADE will, as much as possible, take advantage of the development of new multimedia technologies with the view to producing

distance learning materials so as to increase the overall efficiency and cost-effectiveness of the programme.

3. Advisory services

303. UNCTAD's technical cooperation is supported by two sources of non-project-specific funds, namely UNCTAD's sectoral support programme and section 12 of the United Nations programme budget. UNDP's sectoral support programme is designed to enable organizations, such as UNCTAD that have no field representation, to offer policy and technical advice to governments and to assist governments and UNDP resident representatives in the development of new programmes and projects for submission to UNDP and other donors. As they can be used flexibly and quickly, the funds are exceptionally useful to UNCTAD. Advice, technical support and assistance in developing programmes were provided in such areas as shipping and logistics, customs reform, international trade, transit traffic and debt management, as well as TRAINMAR and TRAINFORTRADE. Resources were also used to demonstrate such UNCTAD software as DMFAS, ASYCUDA and ACIS to interested countries and to finalize project documents for approval by UNDP or other donors.

304. Under section 12 of the United Nations programme budget, UNCTAD received an allotment equivalent to 36 work-months in 1994, together with travel funds, for the purposes of interregional advisory services. These resources were devoted to three main areas: economic cooperation among developing countries, trade and trade-related services and entrepreneurship and SME development.